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CO-OPERATIVES IN SASKATCHEWAN

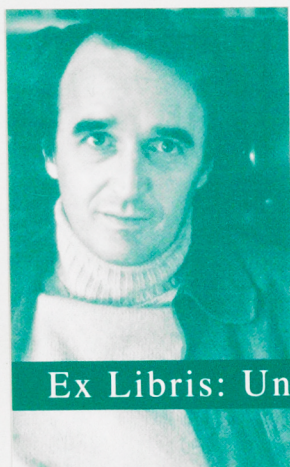


TO SERVE THE PEOPLES' NEEDS

E. FORREST SCHARF

CO-OPERATIVES IN SASKATCHEWAN

E. FORREST SCHARF



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Education is the progressive discovery of our own ignorance.
—Will Durant

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The Co-operative Movement is an education in democracy, in thrift, and in the general conduct of business. It makes for altruism as against selfishness; it gives men self-respect when they find that they are, after all, able to do something in the way of managing their own social and economic affairs, when the truth comes home to them that business ability is not something to be found in only a few human beings, but that there is a certain amount of it in everybody. From this experience they acquire confidence in themselves, have respect for themselves, develop an awareness of their duties and obligations to themselves and to other members of the human race.



CO-OPERATIVES IN SASKATCHEWAN

E. FORREST SCHARF

Published by

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FOREWORD

In this short book an attempt has been made to outline some of the more important aspects of the development of co-operatives to meet the needs of the people of Saskatchewan. These accounts are, of necessity, brief, since the book is intended to serve as a source of basic material for pupils in the upper grades of the elementary schools and for teachers of such grades.

Due to the fact that co-operatives are groups of people working together on a democratic basis, no space has been devoted to consideration of any special contributions made by individuals, or elected officials, to the organization or development of the co-operative movement in the province. So many thousands have played an important role in establishment of co-operatives in Saskatchewan that it was considered inadvisable to select any particular individuals for special mention.

It was also considered inadvisable to draw favourable or unfavourable comparisons of co-operatives and other types of businesses. However, it was felt that co-operatives and co-operative development form an integral part of the history and of the economy of the province, and, therefore, merit a place on the school curriculum.

This book is designed to provide information which might serve to further an understanding of the co-operative movement and co-operative development in Saskatchewan.

—E. F. SCHARF.

CO-OPERATIVE PRINCIPLES

OPEN AND VOLUNTARY
MEMBERSHIP
Anyone may join

DEMOCRATIC CONTROL
ONE MEMBER ONE VOTE
No voting by proxy

LIMITED RETURN
ON
INVESTED CAPITAL
Keeps Share value constant

RETURN OF SAVINGS
AS
PATRONAGE REFUNDS
Eliminates Profit Motive

and

CO-OPERATIVE METHODS

CASH TRADING
Equal treatment to all
members in respect to credit

SALES AT MARKET PRICES
Goods sold at prevailing
prices in the area

SETTING ASIDE OF RESERVES
Portion of earnings set aside
for emergencies

CONTINUOUS EDUCATION
Keep members and public
informed

EXPANSION AS NEEDED
Expand to meet needs
of members

1 What Co-operation Means

In its simplest terms co-operation means "working together". It is the act of two or more persons working for their own mutual benefit. Generally, it is a free and voluntary act arising from a free and voluntary human relationship.

People may co-operate with each other for many reasons and for many purposes. They may co-operate in order to solve a problem, organize a service, procure goods, promote enterprises, or even form a community. Indeed, co-operation among citizens is fundamental—to the home, the school, the church, civic institutions, clubs and lodges, courts and even governments. Co-operation is the foundation upon which a society can develop and flourish.

While co-operation is as old as mankind, it is only during the past one hundred and fifty years that co-operation has been so introduced to business enterprises that the placing of co-operatives on a legal basis has become necessary. The voluntary type of co-operation is quite practical for a wide range of human relationships, but co-operation in business ventures demands a clear-cut setting out of objectives and policies, together with defined rules for the conduct of affairs on a short and a long term basis. In a co-operative business it is generally advisable to set up a legal structure with such rules and safeguards as are needed to protect the interests of the members. For this reason people who wish to practise co-operation in a business endeavour generally organize a co-operative and have it incorporated as a legal body.





WHAT IS A CO-OPERATIVE?

A co-operative is an association of persons who have joined together on a voluntary basis for the purpose of carrying out a mutual self-help business effort. In a duly organized co-operative, co-operation is established and maintained as a foundation principle. One of the best definitions of organized co-operation is found in the Report of the Inquiry on Co-operative Enterprise in Europe published by the Government of United States, it says:

“A co-operative enterprise is one which belongs to the people who use its service, the control of which rests equally with all its members and the gains of which are distributed to the members in proportion to the use they make of the services.”

Co-operatives may be formed to serve either producers or consumers or both. Producers may join together to form production, marketing, processing, grain cleaning and other comparable facilities in order to assist themselves in securing a fair return for their products and their labour. Consumers may unite to provide themselves with co-operative bulk oil stations, service stations, stores, wholesales, refineries, oil wells, lumber mills, coal mines, halls, and other facilities whereby they can provide themselves with needed goods and services at cost. There is no limit to the areas of endeavour in which co-operatives may serve and there is usually close working relationships between consumer and producer co-operatives. In fact, membership in producer and consumer co-operatives in Saskatchewan frequently overlaps.

Another definition which has been used to describe a co-operative says, “A co-operative is a voluntary association in which the people organize democratically to supply their needs through mutual self-help, and in which the motive of production and distribution is service not profit.”

PRINCIPLES OF CO-OPERATION

While the Co-operative Movement is international in scope, it is rather significant that co-operatives everywhere subscribe to four main principles of organization, control and operation. The application of these principles to a business enterprise ensures the democratic nature of the enterprise and eliminates any possibility of exploitation of the members.

These four principles are as follows:

1. OPEN AND VOLUNTARY MEMBERSHIP

Membership is open to all persons on the same basis. All are eligible to join, none is forced to join. There are provisions for withdrawal which are the same for all members. There is strict neutrality in respect to race, religion and politics.

2. DEMOCRATIC CONTROL

Each member has one and only one vote. There is no voting by proxy. This ensures to each member an equal share in control of the enterprise. In certain types of co-operatives, like the Co-operative Life Insurance Companies, the law under which the co-operative is organized may provide for proxy voting. In the case of federations of co-operatives where the members are organizations rather than individuals, voting rights are sometimes based on both membership and business support. In some of these larger co-operatives, control by members is carried out through a delegate system as a practical method of assuring to members equality of treatment in respect to control.

3. LIMITED RETURN ON INVESTED CAPITAL

There is a ceiling on interest paid on invested capital. This tends to stabilize the value of shares and eliminates the danger of investment in the co-operative for the purpose of making profits in the form of interest or dividends.

4. THE RETURN OF EARNINGS OR SAVINGS ON A PATRONAGE
REFUND BASIS

This ensures that no one makes a "profit" out of others in co-operatives since all earnings go back to the members on the basis of the use each member makes of his co-operative.

By the application of these principles to business, co-operative organizations have utilized the service motive and eliminated the profit motive. They have given to themselves service at cost. Any earnings which may be effected go back to the

members and tend to remain in the community where they were first created. This is one reason why co-operatives are sometimes referred to as Community Builders.

BASIC METHODS OF BUSINESS

Co-operatives, and especially consumer co-operatives, have found it desirable to follow certain basic methods in their business operations. These methods include the following:

1. *Cash trading*—By following a strictly cash trading policy co-operatives not only enjoy the advantages which come from cash trading but they also ensure equality of treatment to the members as well as avoidance of possible loss through uncollectible accounts receivable.

2. *Sales at market prices*—Co-operatives generally avoid price wars. They, therefore, sell their goods or products at the prices prevailing in the area and by return of patronage refunds assure to their members "service at cost".

3. *Setting aside of reserves*—Each year a portion of the earnings or savings of the co-operative are set aside in a reserve fund which can be used in case of loss or emergency.

4. *Continuous education in co-operation*—Co-operatives aim to establish an educational program designed to keep both members and non-members informed about their co-operatives and their business, and to promote the growth of co-operatives and the co-operative movement.

5. *Expansion as needed*—Since a co-operative is organized to meet the needs of its members in goods and services, it follows that the co-operative must expand as these needs for goods and services increase.

WHY INCORPORATION?

The question might well be asked, "If co-operatives are entirely voluntary organizations, why should they need to be incorporated?" A few simple reasons for incorporation are worthy of note.

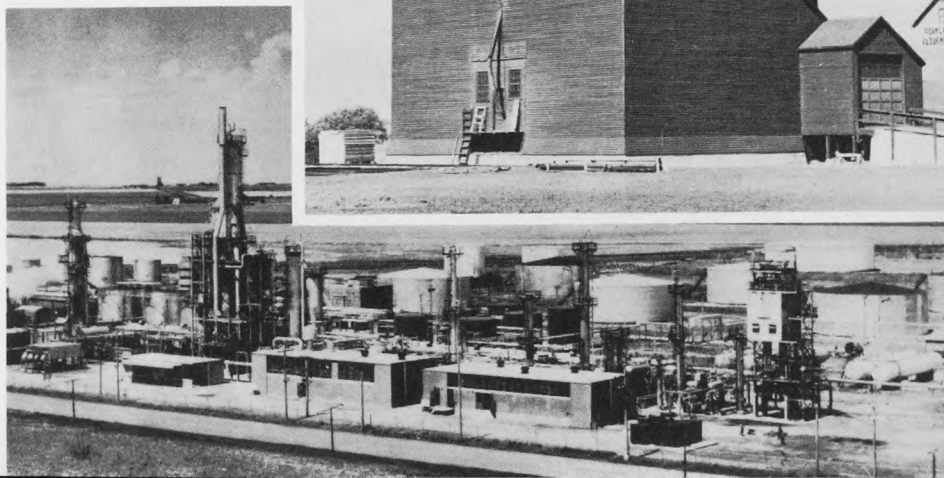
By incorporation, the co-operative becomes a legal body, and the liability of the members is limited by the terms of the Act under which it is incorporated.

By incorporation, the co-operative is assured of a continuation in business regardless of the death or withdrawal of any member.

By incorporation, a co-operative in Saskatchewan assures for itself such direction and guidance as is given by the Department of Co-operation and Co-operative Development. (The Department of Co-operation and Co-operative Development was organized in Saskatchewan in 1944 and was the first Governmental Department of Co-operation on the North American continent.)



Marketing, grain handling and oil refining . . . just some of the services provided through co-operatives.



CHARACTERISTICS

Certain characteristics of a co-operative are different from those found in private corporations or profit enterprises. These differences may be briefly set out as follows:

PURPOSE—The chief purpose of a co-operative is to provide goods and services at cost to the members. The chief purpose of a profit enterprise is to provide a return on investment to the owners.

OWNERSHIP—In a co-operative, ownership rests with the members on a *one member one vote* basis. Ownership in a profit enterprise rests with the shareholders on the basis of the number of shares each holds with voting power varying according to shareholdings.

RETURNS ON CAPITAL—In a co-operative, returns on invested capital are limited. In a profit enterprise, there is no limit on returns on invested capital.

SAVINGS OR EARNINGS—In a co-operative, earnings are returned to members on a basis of patronage. In a profit business, earnings are divided among share holders on the basis of their investment in the business.

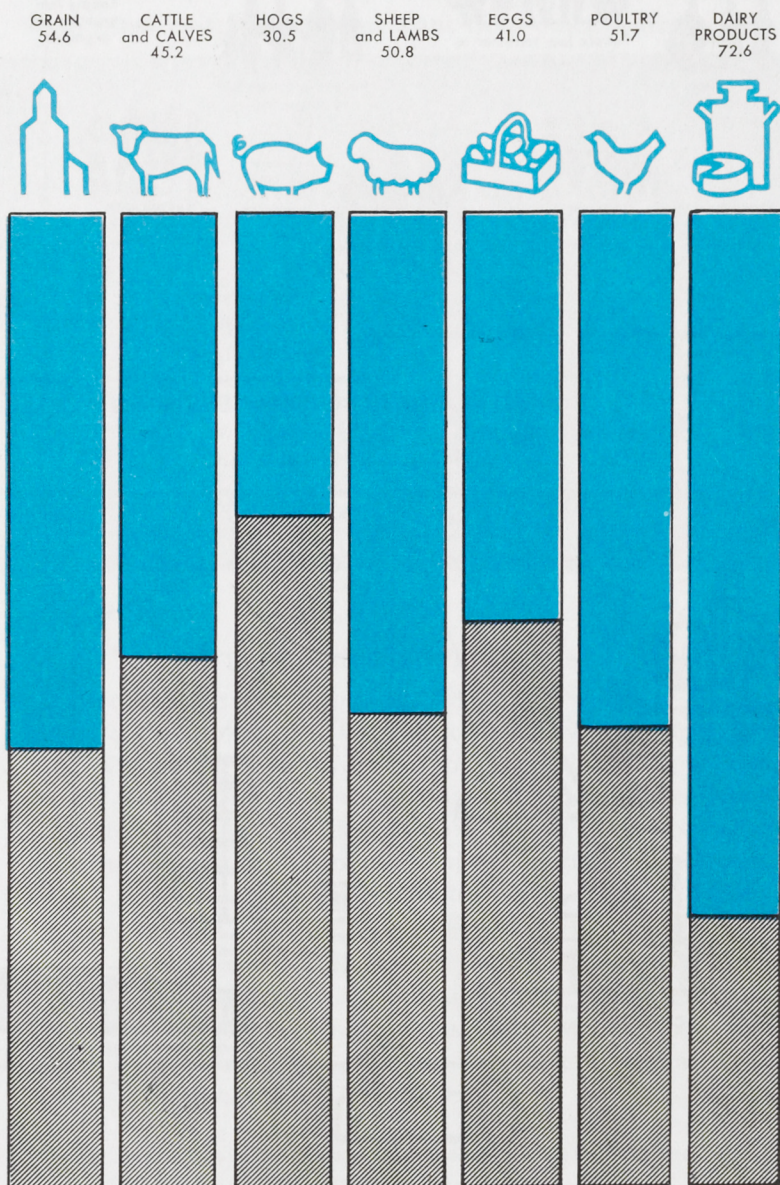
CONTROL

While the methods of control in co-operatives may vary, the usual pattern is for members to organize their association, set up bylaws, and operate within the limits of these bylaws and of the Act under which the co-operative is incorporated. The members meet in annual or special general meeting to review operations and to decide on policies. They also elect a board of directors to direct the affairs of the organization. The board appoints a manager who is responsible for the carrying out of operations. All major decisions must be finally resolved by the member-owners who thus control and operate the business.



A Co-operative board of directors discusses the affairs of the member owned co-operative.

PERCENTAGE OF PRODUCTS MARKETED BY CO-OPERATIVES IN SASKATCHEWAN IN FISCAL YEAR 1957-58



FINANCE

The financing of the co-operative is the responsibility of the members. The usual methods of finance include share purchases by members, retention of patronage refunds in the share capital account of members, loans either from the members or from other co-operatives, and loans from other sources.



TYPES OF CO-OPERATIVES

Frequently referred to as the "Banner Province of Co-operation," Saskatchewan can boast of co-operatives of almost every type. The following statistics are to be found in a report issued by the Department of Co-operation and Co-operative Development for 1958 and entitled Annual Report¹. This report contains some statistical information on the progress of co-operatives in the province in the twelve months ended March 31, 1958.

The dollar value of services rendered by co-operatives in the province reached \$560,492,185 for the year 1957-58. Individual membership reported by all associations numbered 704,386. Some duplications occurred in this figure in that many individuals may be members of more than one co-operative. The estimated earnings were \$11,511,791.

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¹Fourteenth Annual Report—Department of Co-operation and Co-operative Development, Regina.

The report lists 17 grain and seed organizations with 148,243 members and a business volume of \$174,086,896. There were 2 livestock assembling and marketing co-operatives with membership of 1,194 and business volume of \$26,078,687. There was one hatchery, one honey, one vegetable, and one wholesaling co-operative.

Consumer co-operatives operating retail services numbered 381 with 184,298 members and a business of \$65,171,774. Service co-operatives included 335 community halls, 2 hail insurance co-operatives and 36 miscellaneous services.

In all 275 credit unions reported. These had 92,981 members. There was one co-operative credit society serving the provinces and one co-operative trust company.

Under production co-operatives, the report listed 21 co-operative farms, three co-operatives for the use of farm machinery, 86 community pastures and three fur co-operatives. There were 55 miscellaneous production and twelve northern development co-operatives.

Listed as co-operatives which operated interprovincially were: United Grain Growers with a business volume in Saskatchewan of \$24,584,000, Canadian Co-operative Wool Growers with a business in the province of \$181,000, Interprovincial Co-operatives with a Saskatchewan business of \$5,896,996, Canadian Co-operative Implements with a membership in Saskatchewan of 34,863, and Co-operative Fire and Casualty with a provincial membership of 1,900.

During the 1957-58 year Saskatchewan co-operatives handled 54.6 percent of the grains marketed in the province, 45.2 percent of the cattle and calves, 30.5 percent of the hogs, 50.8 percent of the sheep and lambs, 41 percent of the eggs, 51.7 percent of poultry and 72.6 percent of the dairy products. Retail sales by consumer co-operatives represented 7.7 percent of all retail sales in the province. Petroleum products again constituted the major commodity handled by consumer co-operatives amounting to 37.5 percent of all sales by those co-ops. Sales of groceries amounted to 25 percent of the total sales.

The above figures give some idea of the significant part that co-operative organizations play in the economy of the province.

It might be noted that in 1959 consumer co-operatives operating in the retail field confined their services largely to supplying their members with food stuffs and bulk commodities,

particularly farm supplies. Few co-operatives were engaged in such highly specialized services as garages, specialty stores, drug stores and many other types of service establishments. In addition, co-operatives did not engage in the so-called luxury trades. In view of these limitations of services the percentage of the retail trade enjoyed by co-operatives becomes more impressive and the role the co-operatives played in the fields in which they served becomes more significant.

BENEFITS FROM CO-OPERATIVES

People join together in co-operatives for both social and economic reasons. The economic reasons have mainly to do with earnings or savings and these can be readily assessed. The social reasons are based on human values and are difficult to measure. Nevertheless, the social values are very real to the members and to society generally.

The economic values include: the substitution of the service motive for the profit motive in business, the more equitable distribution of wealth through the return of earnings to members as patronage refunds, the providing of protection against monopolies operating at the expense of the public, provision for a high standard of service and the maintenance of quality in goods, the extension of the advantages of large scale business to average persons who could not otherwise become owners and controllers of large scale business, and the assurance to members of quality goods and services at cost.

The social benefits include: a training in the democratic control of business affairs, the development of self-reliance through the practice of mutual self-help, the promotion of a sense of unity among the people, a spread of tolerance in respect to race, religion and politics, the promotion of national and international peace based on the principle of equal rights for all and special privileges for none. In addition to all these, participation by members in co-operatives creates a sturdy self-reliance which enables people to stand on their own feet rather than to lean on governments or other agencies in seeking the solution of their social and economic problems.



QUESTIONS ON PART 1

1. What is the difference between a business principle and a business method? How do the four business principles observed by co-operatives ensure the democratic nature of the enterprises? How do they eliminate the possibility of exploitation of the members?
2. What is meant by voting by proxy? Why is voting by proxy favoured by many large corporate businesses?
3. Cash trading is a basic method of co-operative business but many co-operatives find it necessary to give some credit. Can you think of any reasons why these co-operatives give credit?
4. What is meant by incorporation? What are the advantages of incorporation?
5. List the differences between a co-operative and a profit enterprise.
6. Why is Saskatchewan frequently called the "Banner Province of Co-operation"?
7. What benefits may members expect from their co-operative enterprises?



2 Background of Co-operative Movement

Co-operation in the sense of working together for a common benefit is as old as mankind. When primitive men hunted together, this was elementary co-operation. When men and women laboured together in the tilling of the soil and the building of homes, it was also elementary co-operation. When the members of a community, state, or country worked together in the building of a state, there, too, was co-operation. Such joint efforts were akin to the type of co-operation which may exist between bodies which are equal and are free to take their own course, yet are urged to work together toward a mutual end.

Free association is essential in genuine co-operation. This is the reason why co-operatives organized and directed by governments, as they are in some countries, cannot be classified as genuine co-operatives.

A co-operative may be described as a voluntary democratic union of persons, organized to supply themselves with goods and services, and, at the same time, to distribute earnings or surpluses in a manner agreed upon by the members as fair to each and all.

The Co-operative Movement in Canada, and in Saskatchewan, is patterned to some degree on the Co-operative Movement in Britain. A short review of the early development of co-operatives in Britain is, therefore, a necessary step toward the understanding of the Co-operative Movement in Canada.

EARLY BEGINNING

The general depression which followed the Napoleonic Wars in Europe (1792-1814) may have brought misery and starvation to the people, but they also stimulated creative consideration of local and national problems. The French Revolution had, by its slogan of "Justice, Fraternity and Equality", emphasized the equality of man and led to a popular desire for greater political, economic and social freedom among the masses.

The movement for political freedom in Britain centred around the matter of extending the right to vote to others than the great landed gentry. After a long struggle, the First Reform Bill of 1832 gave the vote to the more well-to-do owners and renters in the counties. Further extension of voting rights was

made in the Reform Bills of 1867, 1884, 1918, and 1928. The last Bill finally gave universal suffrage by extending the vote to women.

The early half of the nineteenth century also marked the period of industrialization of Britain and the development of the Factory system. Appalling work conditions in the factories, together with the very low wages, led to wide unrest and to much serious consideration of the factors responsible for the creation of depression and dissatisfaction in a relatively fertile land. They also gave rise to serious consideration of the relationships which should exist between people and industry, and people and food supplies.

Many believed that the unsatisfactory economic and social conditions could be cured by political action. These believers in political action began a struggle for democratic and social freedom which soon led to the abolition of slavery, the enactment of more enlightened factory legislation, the modification of the Poor Laws and the reform of British municipalities. Yet all these political reforms did no more than bring a measure of relief to the depressed economy.

An organization, called the Chartists, pressed for complete political democracy, while social thinkers, like Adam Smith, held that government should not interfere with business and that each man should be for himself and the devil take the hindmost.

ROCHDALE PIONEERS

The Co-operative Movement owes much to the efforts of Robert Owen for, by his attempt to establish a model community in Indiana in 1825, Owen laid the basis for the organization of numerous co-operative societies. These early societies eventually failed because they found it impossible to fit the regular principles and methods of profit enterprises to the needs of a co-operative enterprise.

It remained for twenty-eight poor flannel weavers of Rochdale to organize and to open a successful co-operative store in Toad Lane in 1844. They hoped by means of the store to improve their social and economic conditions. The store was to be operated according to a set of fixed principles and business methods. These are now the well-established principles and methods as described in Section One of this book. In addition, the draft of aims and policies as laid down by the Rochdale Pioneers contained the following:

1. The establishment of a store for the sale of provisions and clothing.

2. The building of a number of houses in which members desiring to assist each other in improving their domestic and social conditions, may reside.

3. The manufacture of such articles as the society may determine upon for the employment of such members as may be suffering in consequence of repeated reductions in wages.

4. The purchase of estates of land which shall be cultivated by the members when out of employment.

5. That, for the promotion of the society, it shall proceed to arrange the powers of production, distribution, education and government, in other words, to establish a self-supporting home colony of united interests.

6. That, for the promotion of sobriety, a temperance hotel be opened in one of the society's houses as soon as convenient.

Possibly the most significant features of the Rochdale society were its open membership, its democratic nature, the limited return on invested money and the return of earnings on a patronage refund basis. Of these features the last was probably the most unique, for through a return of savings to members on the basis of the financial support they gave to the business the co-operative was able to effect an equitable and democratic distribution of its earnings. These four features, plus the business methods of sales for cash and sales at prevailing prices, enabled the store to begin in rented premises, with a total membership of 28 and a capital of 28 pounds and to grow to be one of the finest, most enduring co-operatives in Britain and one to which the present world-wide Co-operative Movement owes its operating principles and business methods.

IN SASKATCHEWAN

Co-operation has always been one of the foundations of the Saskatchewan Way of Life. The prairie pioneers worked together in the breaking of their land, the erection of their homes, the organization and operation of their schools, their churches, their civic institutions, and in their other efforts to turn the raw prairies into a home for happy people and the bread basket of a hungry world.

Apart from the natural hazards to which their growing crops were always subjected, the greatest problem facing pioneer

farmers was that of marketing their products at a price which would enable them to maintain a decent standard of living. Not only were farmers dependent on outside markets, but they were faced with marketing conditions and transportation problems which minimized the economic returns from the sale of their products. Many farmers were dissatisfied with the grades and prices they received at grain elevators, and with the shipment services available from the railways. They were also of the opinion that the operations of the Grain Exchange tended to depress prices when farmers had grain to market and to boost prices at other times.

There was also dissatisfaction in respect to livestock marketing where farmers were largely dependent on local cattle dealers, or drovers, to buy their livestock. These dealers tended to control prices and to keep them as low as possible.

Farmers engaged in the dairy industry lacked present-day refrigeration and preservation facilities for their products. They were forced to sell at a ready market and hence had to accept such prices as could be obtained, however low such prices might be.

Similar problems were encountered in the marketing of other farm commodities, such as poultry, eggs, wool, forage crop seeds, registered seed, honey and many other products.

On the other hand, the settlers patronized local private dealers in the purchase of many of the things they had to buy. This sometimes resulted in high prices at local points and a lowering of standards of living for farmers and their families.

In their search for ways out of their economic dilemma, the farmers of the prairies turned to the use of co-operative techniques, convinced that their problems could best be solved through their own mutual efforts.

The development of co-operative organizations to meet the needs of the people of Saskatchewan might best be understood by a short review of the establishment and development of some of the major co-operatives in the marketing, purchasing, financial, production, community service and miscellaneous fields. While these will be treated separately, it must be understood that they are not unrelated and that, to a large extent, the members of the marketing co-operatives are also members of the various types of consumer co-operatives.



At the Matador Co-operative Farm, near Kyle, Saskatchewan, the farm members have their homes so arranged that they enjoy most of the advantages of urban living.

Farmers line up to deliver grain to their Wheat Pool elevator at Chamberlain, Saskatchewan.



QUESTIONS ON PART 2

1. Why is free association essential in genuine co-operation? Should members feel free to withdraw from their co-operative at any time?
2. What was the factory system in Britain? What did the Chartists seek to establish? What did Adam Smith believe?
3. Who were the Rochdale Pioneers? How did they plan to improve social and economic conditions in Rochdale?
4. Is it correct to say that co-operation has been one of the foundations of the Saskatchewan Way of Life? Why?
5. What were the main problems facing the early settlers of Saskatchewan? Have these problems been fully solved?



Saskatchewan Wheat Pool elevators . . . a familiar sight to everyone in Saskatchewan.

3 Co-operative Grain Marketing

Soil and climatic conditions on the prairies combine to make the area one of the finest grain growing sections of the world. It is especially suitable for growing high grade wheat. Indeed, it might be said that the prairie economy rests on wheat, and that the problems of wheat markets and wheat marketing have been, and are, the basic problems of the people of the prairies.

The problem of grain marketing began to assume major proportions with the influx of settlers into Manitoba and North West Territories in the late 1870's, when more wheat was produced than was needed by local millers, and when other grain products exceeded local demand. Grain growers were forced to seek ways and means of placing their grains on outside markets.

With a view to handling the increasing grain shipments, in 1883 the Canadian Pacific Railway built a 500,000 bushel wooden terminal elevator at Fort William and several years later the Canadian Northern Railway built a terminal elevator at Port Arthur. However, the rapidly increasing crop production put a severe strain on railway services and facilities, so an arrangement was made by the railways with private grain companies whereby the companies were to provide grain elevators and the railways were to supply cars to elevators only, for shipment of grain.

The elevators used this special car supply privilege to their own advantage in their dealings with the grain growers. The farmers turned to the Government for help and, by the Manitoba Grain Act of 1900, the railways were compelled by law to furnish cars to farmers for shipping their grain. Flat warehouses built by farmers at shipping points were to be allowed and loading platforms were to be built as needed.

The large grain crop of 1901 flooded the elevators and created a shortage of railway cars for platform shipping by farmers. The grain growers resented the fact that the elevators got the railway cars while farmers could not get cars at their loading platforms and had to hold their grain at home. A farmers' meeting of protest was called at Indian Head in the late fall of 1901.

At the second meeting in Indian Head on December 18, 1901 the Territorial Grain Growers Association was formed.

The Association aimed to set forth the views of the farmers but it was not a commercial organization. At its 1902 convention, the Association passed resolutions asking that railways be required to furnish cars to farmers irrespective of loading facilities, and that cars be allotted in the order in which they were called for in a car order book signed by the growers and kept by the station agent.

In 1902, when the railways failed to supply cars to farmers at Sintaluta, the station agent was charged with breaking the law and was found guilty. Thereafter, cars were made available to farmers at all stations in their proper order.

THE UNITED GRAIN GROWERS

Dissatisfaction with the treatment received from the privately owned elevator companies and from the railways caused members of the Territorial Grain Growers Association to conclude that they must have a farmer-owned and controlled marketing association. As a result the Grain Growers' Grain Company was organized in 1906. This was the first grain co-operative in Western Canada. The company secured a seat on the Grain Exchange and began to carry on business on a co-operative basis. However, the return of patronage dividends to the farmer members was contrary to the bylaws of the Grain Exchange, so the company lost its seat on the Exchange. The seat on the Exchange was restored in 1907 and the Company continued to operate as a commission agency. It was three years later before it began the actual operation of elevators.

Possibly a summarized report of the history of the company will be sufficient to highlight its development. In 1907-08 the Company's business doubled in volume. In 1909, the Company began publication of its own paper, *The Grain Growers Guide*. In 1909, a seed branch was established. In 1910 the Company put buyers into the 173 elevators which the Manitoba government had provided for the protection of producers. Later these elevators were leased and finally most of them were bought.

In Saskatchewan and Alberta, the governments refused to follow the example of Manitoba in building elevators. Instead the provincial Grain Growers Associations, which had become the successors of the Territorial Grain Growers' Association of those provinces, formed their separate Co-operative Elevator Companies for the purpose of acquiring and operating elevators.

The Saskatchewan Grain Growers' Association also began to act as spokesman of farmers generally, and to promote co-operative development through the establishment of a trading department, which handled some major farm supplies. This indicated that the marketing co-operatives recognized the value of purchasing, or consumer, co-operatives as a complement to their marketing activities.

In 1912 the Grain Growers' Company set up the Growers' Export Company to look after the exporting side of the business. In 1913 terminal elevators were bought at Fort William, Ontario, and at New Westminster, B.C. In 1914 the company entered the farm implement business.

In 1916 the Grain Growers' Grain Company amalgamated with the Alberta Farmers Co-operative Elevator Company to form United Grain Growers Limited. The Saskatchewan Co-operative Elevator Company did not become part of the amalgamation body. Thus ended one era of grain marketing on the prairies.

UNITED GRAIN GROWERS LIMITED

The new organization, United Grain Growers Limited, moved into other fields by the incorporation of the U.G.G. Sawmills Limited and the U.G.G. Securities Company Limited. Unfortunately the sawmill of the company was destroyed by fire in 1925 and the U.G.G. Sawmills Limited was forced to close.

The end of World War I on November 11, 1918, caused farmers to consider the effect that the removal of fixed prices on wheat set by the Government during the last two war years might have on market prices. They were soon to know. On July 21, 1919, the Government removed its price controls and in eight days the price of October wheat rose from 224½ cents to 245½ cents per bushel. On July 31, 1919, the Government established a Wheat Board with the sole right of selling the entire wheat crop for both export and domestic consumption. This board paid the farmers an initial payment of \$2.15 per bushel with a later payment of 48 cents per bushel to raise the total price to \$2.63 per bushel. However, the Wheat Board was disbanded in August 1920. The effect on prices was disastrous. On August 18, 1920, the price of wheat was \$2.73½

per bushel. On November 18, 1921, the price stood at \$1.11 $\frac{5}{8}$. This was a drop of 95 $\frac{7}{8}$ cents per bushel in one year. This brought an almost prairie-wide demand for the re-establishment of the Wheat Board.

That same year, 1921, the U.G.G. introduced a cattle pool in connection with its livestock branch. In the same year, for the first time in its history, the Company failed to pay a dividend to shareholders on their investment in the Company. In the following year the Farm Machinery Branch was closed.

In an effort to assist farmers to secure clean seed, the U.G.G. placed 178 highly efficient seed grain cleaners in as many elevators in 1926. A small charge was made for cleaning services. In 1928 the Company retired from the livestock business. In 1931, the Company provided Group Life Insurance for its employees on a contributory basis with a portion of the cost being paid by the Company.

The year 1930 ushered in the "Great Depression." Not only did Western Canada experience severe crop failures due to drought, grasshoppers and wind, but the price of grains dropped to unheard-of levels. At Liverpool, England, wheat prices hit their lowest point in three centuries. The price of No. 1 Northern wheat, basis Fort William, Ontario, dropped to 38 cents per bushel. Add to this low price of wheat, a corresponding drop in the prices of other farm products, plus the poor crops due to drought, and it can be easily understood why the Canadian west took its most serious setbacks in the "Hungry Thirties." It will also be understood why the Wheat Pools experienced financial difficulties and why the Canadian Government saw fit to take over the wheat held by the Central Selling Agencies of the Pools and place it under a government-appointed manager.

Following a study of the problem of marketing the surplus of Canadian wheat by a Special Parliamentary Committee, the Canadian Government, on August 14, 1935, appointed the Canadian Wheat Board to control marketing of wheat. This marked the beginning of the new modern era in wheat marketing in Canada.

Since 1935 the U.G.G. has continued to function as a major marketing organization with minor activities in the purchasing fields.



Head office building of the Saskatchewan Wheat Pool in Regina.

THE WHEAT POOL

The decline of wheat prices following the dissolution by the Canadian Government of the Wheat Board after the First World War struck a knockout blow to the Western farm economy. From a closing price of \$2.37½ per bushel on the Winnipeg Exchange on August 19, 1920, to a price of \$1.02¼ on October 18, 1922, was too sudden and too great a drop. Under such circumstances it was inevitable that farmers should seek the re-establishment of the Canadian Grain Board. When by 1923 it was evident that no government board would be set up, the farmers turned to the idea of a voluntary pooling plan of wheat marketing and steps were initiated toward organization of such a pool.

The voluntary pooling plan would have had farmers deliver their wheat to a farmer owned and operated pool where-in producers received uniform prices for wheat of similar grade on the basis of an initial payment when the grain was delivered, and subsequent interim payments with a final payment at the year end.

In Saskatchewan the objective of supporters of the wheat pool idea was to secure growers' contracts covering at least 50% of the wheat crop acreage of the previous year. Two farm organizations, the Saskatchewan Grain Growers' Association and the Farmers Union joined the appeal. In 1923 the Farmers Union invited a California expert, Aaron Sapiro, to Canada to

assist in organizing a contract pool. The Saskatchewan Grain Growers, meanwhile, were working on a plan for a voluntary scheme. When the Wheat Pool was finally formed it adopted the contract plan.

A whirlwind campaign to secure member contracts in the fall of 1923 failed to reach the set goal of 50% acreage sign-up and the drive was postponed until 1924. In the latter year, by June 26, more than 45,000 farmers, operating six and a third million acres, had agreed to deliver all their wheat to the new Saskatchewan Wheat Pool for the next five years. The Pool, under the name Saskatchewan Co-operative Wheat Producers Limited, was incorporated in August, 1923, and was formally organized for operations on July 24, 1924.

THE CONTRACT

The fact that members of the new Pool had to sign a binding contract occasioned some concern among those who regarded such contract as an encroachment on the individual's liberty to market his own grain. However, success of pooled marketing under the Canadian Wheat Board, 1919-1920, was still in mind and the Pool decided to enter into a contract with each member to market his grain under a pooling system so that all members would receive the same basic price for wheat of a similar grade. The contract gave the Pool the right to deduct 2 cents per bushel on wheat to be used to acquire elevator facilities, and a further sum not exceeding 1 percent of the gross selling price as a reserve. The Pool had the right to establish selling, statistical and other agencies whenever and wherever it considered them to be necessary and proper.

On his part, the member in the contract agreed to market all his wheat through the Pool during the term of the contract except seed and feed for his own use, and seed and feed for local sale upon receiving a permit from the Pool to make such sale.

If the member sold wheat contrary to his contract he was liable to a fine of twenty-five cents per bushel on the full amount disposed of, and he might be restrained from further breach of contract by injunction.

CONTROL

In the Wheat Pool, each member was to have one vote irrespective of the extent of his holdings or the amount of grain

he marketed. For the purpose of administration and control, the Saskatchewan Wheat Pool divided the province into 16 districts. Each district was subdivided into ten (or eleven) sub-districts. Each year nominations for delegates in each subdistrict are mailed to the Pool's head office. Every member resident in a subdistrict is eligible for nomination. Each nomination must be signed by at least six members. Voting, when necessary, is carried out by mail ballot. The transferrable voting system is used. The duly elected delegates for a district select from themselves a director. The directors are selected annually. This ensures a democratically elected board at all times.

The Wheat Pool delegates meet in annual meeting. At this meeting reports are received and considered on all phases of the business. The delegates, in turn, carry back to their districts, at local member meetings, reports on the affairs of the Pool. Thus the membership is kept informed on the business and on the problems facing the organization. Somewhat similar Pools were established in Alberta and Manitoba.

CENTRAL AGENCY

In 1924 the three Pools organized a Central Selling Agency known as Canadian Co-operative Wheat Producers Limited. The Central Agency was under the control of nine directors—three from each Pool. The Agency had membership in the Winnipeg Grain Exchange and certain other grain organizations. It established offices in Canada, United States and Europe. Its agents were to be found in many of the leading cities of the world. It did its own selling at home and abroad.

EARLY YEARS

During the first year of the joint operation of the three Pools, none of them owned or operated any country elevators. They did have a lease agreement on two small terminal elevators at Fort William, but the only grain which could be shipped to these terminals was the grain farmers might load over the loading platforms. Therefore, the Pools entered an agreement with the owners of country and terminal elevators whereby these owners handled and stored Pool wheat delivered to them.

On February 24, 1925 the Saskatchewan Wheat Pool formed a subsidiary elevator company. In 1925 the Pool by construction or purchase obtained 89 elevators. In 1926 it purchased the entire system of the Saskatchewan Co-operative Elevator Com-

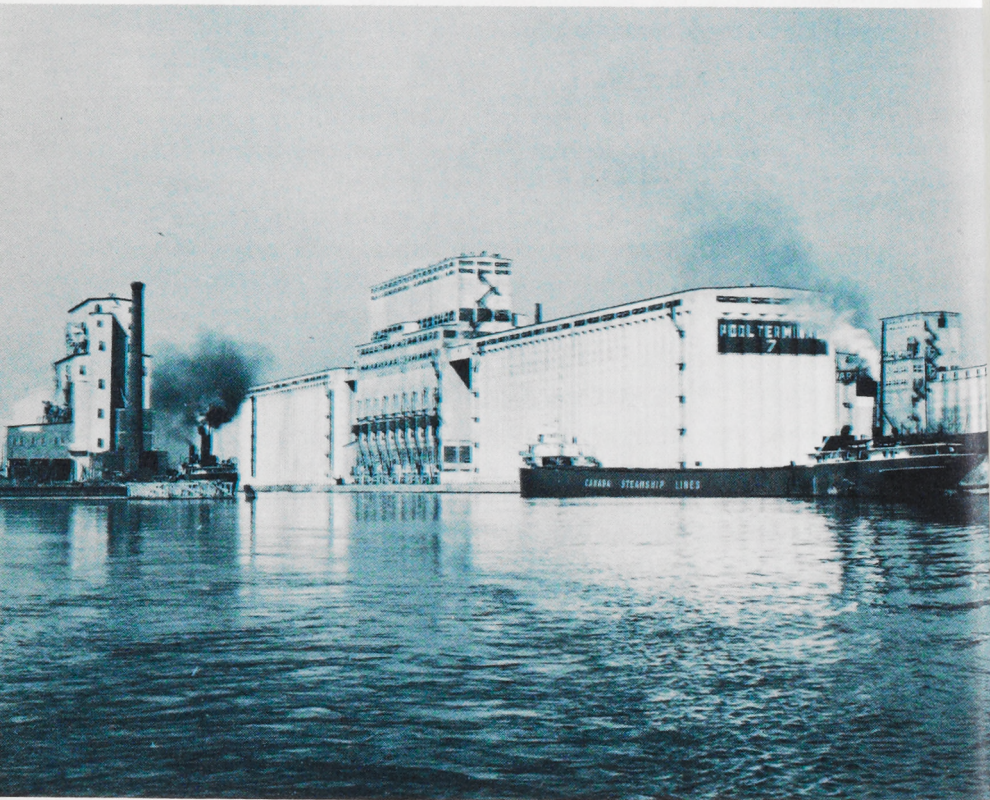
pany consisting of 451 country elevators, terminals with a storage capacity of 7,575,000 bushels at the head of the Lakes, and a transfer house at Buffalo.

Since that date the Pool has steadily built up its elevator system until in 1958 it had 1,143 country elevators with a storage capacity of 82 million bushels. There were also five Pool grain terminals with a storage capacity of 30 million bushels.

In 1925 the Saskatchewan Wheat Pool organized a coarse grains pool to handle flax, rye, barley and oats. Contracts with the members were signed and rates set. The coarse grains were sold in a joint Pool through the Central Selling Agency. Deductions were provided to finance facilities and provide reserves.

THE DEPRESSION

One of the business procedures adopted by the Wheat Pools was the making of an initial payment to the grower at the



Saskatchewan Wheat Pool terminal elevators at the Lakehead.

time of delivery of his grain, with subsequent interim payments during the year based on the price received for the grain. At the close of each fiscal year a final payment was made to members. After necessary deductions, earnings made in operations were returned by the Pools to members in the form of patronage dividends.

In 1929 the Wheat Pools' initial payment was set at \$1.00 per bushel. However, demand for wheat on the world market declined and prices dropped so that in June 1930 the market price was below \$1.00 and the Pools were in difficulty. The initial payment was reduced to 85 cents per bushel and the Provincial Governments of Alberta, Saskatchewan and Manitoba agreed to guarantee the banks against loss in respect to the unsold balance of the 1928 crop as well as all the 1929 deliveries.

The amount of loss chargeable to the Saskatchewan Pool in respect to the 1929 Pool was \$13,752,000. The Saskatchewan Pool Elevators gave a mortgage to the government on the Pool's country and terminal elevators for the full amount of the bonds issued by the government to the banks. This mortgage has since been retired in full and at no cost to the government. However, the danger of large initial payments had not been forgotten and 1930 saw the payment set at 70 cents. This was subsequently reduced to 60, to 55 and finally to 50 cents in view of the continuation of the depression.

That same year a general manager, acceptable to provincial governments, to the banks and to the Pools, was named for the Central Selling Agency. All Pool offices overseas were closed and sales were made through the Winnipeg Exchange. However, the change did not increase the sales of Canadian grain. In January 1931, the Dominion Government guaranteed the lending banks against loss in connection with the 1930 pool grain, and the Central Selling Agency began to be used as a government stabilization agency.

In the same year 1931, the Pools advised their members that they would not carry on the pools for the sale of any grain for the remaining two years of their contracts and, therefore, members were released from their contracts. However, on the demands of members, the Pools agreed to operate voluntary non-contract pools for wheat. This they continued to do until the Canadian Wheat Board came into being in 1935.

WHEAT BOARD 1935

The establishment of the Wheat Board was welcomed, not only because of the depressed prices of wheat but also because of the fact that government control of grain marketing in every country in the world, together with subsidy of such production and marketing, had made it virtually impossible for a farmer owned organization to compete successfully in international markets. On the other hand, experience of farmers with pooling operations constituted one of the strongest arguments in favor of government control and marketing and the carrying out of the pooling principle of initial, interim and final payments.

The new 1935 Wheat Board was only partially effective due to low initial payments and the fact that the open market was allowed to continue to operate. With the outbreak of the Second World War in 1939, there was a general rise in wages and prices. Nevertheless, in 1941, initial payment on wheat remained at 70 cents per bushel for the third successive year. Dissatisfaction among the farmers was widespread. The Saskatchewan Wheat Pool organized a delegation of some 400 members to go to Ottawa in January 1942, where a petition signed by 185,000 demanding an initial payment of \$1.00 per bushel on wheat was presented to the Dominion Government.

In the same year the initial payment was raised to 90 cents. On September 28, 1943, the Government announced that the Wheat Board would henceforth be the sole buyer and seller of Canadian Wheat. Since that time the Canadian Wheat Board has been the only marketing agency for wheat. Under the Board the farmers receive uniform prices for their wheat and enjoy the advantages of a quota delivery system.

In 1959 a second march of 1000 farmers was made to Ottawa with demands for higher wheat prices and deficiency payments in order to assure to agriculture its rightful share of the national income.

DIVISIONS

In addition to its grain handling operations the Saskatchewan Wheat Pool operates a number of Special divisions. These include a livestock division, an industrial division, and a printing and publishing division.

The livestock division was formed as a result of the amalgamation of the Saskatchewan Co-operative Livestock Producers

Limited with the Wheat Pool in 1944. (The Livestock Producers was organized as a co-operative in 1927.) This division operates sales agencies at Moose Jaw, Saskatoon, Prince Albert, Regina, Yorkton, and Swift Current.

The Division operates at cost. In 1957 it handled 281,392 head of cattle and calves. This was 48.8 percent of the provincial handling. It handled 164,000 or 31.5 percent of the hogs and 19,220 or 56.6 percent of the sheep and lambs.

Canada Livestock Co-operative (Western) Limited is owned jointly by the three Pools and is their selling agency at St. Boniface, Manitoba.

INDUSTRIAL

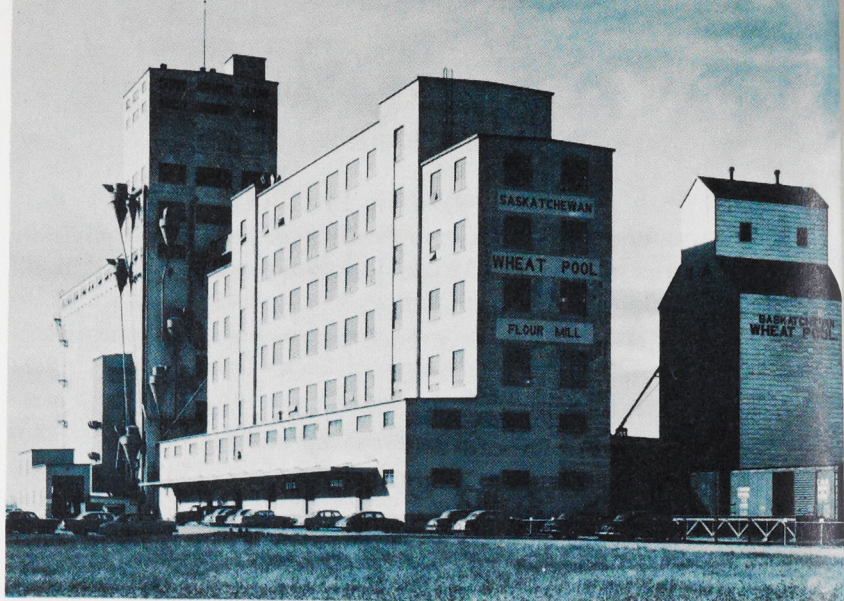
Wheat Pool delegates at the 1944 annual meeting approved the construction of a flour mill and a vegetable oil plant. A site for the plants was obtained in Saskatoon. The vegetable oil plant was completed and began operations in January 1947. It engages in the crushing of flax seed and rape seed. The plant is capable of crushing 1950 bushels of flax per day. It has refining and deodorizing facilities which enable it to process raw oils into any of the major types of refined oil used in any industry.

The Flour Mill began operation in March 1949. It has a production capacity of 4,000 hundred weight of flour per day. In addition to its milling capacity, it has storage capacity for one half million bushels of grain.

PUBLISHING

Members of the Wheat Pool have always been conscious of the need for keeping themselves informed on the problems of their own organization and on agriculture generally. To that end the Wheat Pool publishes its own newspaper, *The Western Producer*. This weekly publication has a circulation of approximately 145,000. It is published in Saskatoon and is printed in the Wheat Pool printing plant, "The Modern Press." The plant also does commercial printing and job printing.

It might be interesting to note that, on July 31, 1958, the book value of the assets of the Saskatchewan Wheat Pool, after full depreciation, was \$34,201,520.77. The members' direct investment was \$26,065,532.49. The Pool has paid as cash dividends or credited to the account of members during the period 1925-1957 a total of \$56,128,790.31.

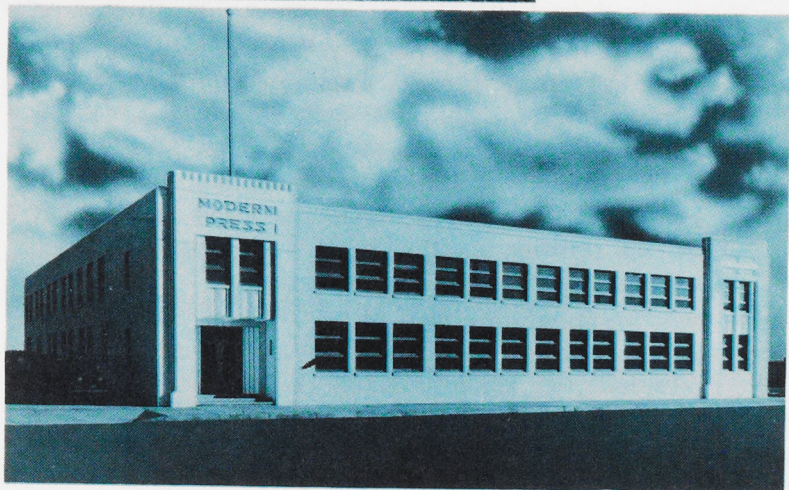


The Saskatchewan Wheat Pool's Flour Mill.



Livestock facilities are provided for members of the Pool.

Modern Press—largest and most up-to-date printing plant in Saskatchewan. Home of the Western Producer, the West's leading farm newspaper.



COUNTRY ORGANIZATION

One of the better known activities of the Wheat Pool is its country organization work. Special fieldmen operate in each of the Wheat Pool districts giving assistance and leadership in the promotion of education in co-operation and in the growth and development of co-operatives. This field staff has given outstanding leadership and service to the co-operative movement and to western agriculture.

Pool fieldmen play an important role in maintaining direct contact with Pool members.

THE SASKATCHEWAN CO-OPERATIVE
CREAMERIES LIMITED

Co-operative marketing and manufacturing of dairy products dates back to 1892 in what is now Saskatchewan. However, the first western cheese factory was opened at Stonewall, (Manitoba) in 1882. In 1888 a cheese factory was established at Springbank, west of Calgary. Shortly thereafter three cheese factories were opened in Saskatchewan. These were the beginnings of creameries on the prairies.

Through the operation of creameries, farmers were able to operate in the dairy industry to an extent which was quite impossible on farms lacking refrigeration and in areas where the local retail merchant was the main marketing outlet. The co-operative creameries with their better facilities were able to produce high quality products and to keep these products fresh. They were also able to market the products at the larger marketing centres and thus secure maximum returns for their products. As a result the farmers through their co-operative dairies received full value for their products while the consumer received high quality dairy products.

The Dairying Association of the North West Territories was organized in 1891 and, at a meeting in Regina in 1892, made some suggestions on the erection of creameries. A creamery was set up at Moose Jaw by the farmers and was operated on their behalf by the Dominion Government on a rental basis. In all, fifteen creameries were operated at various times between 1892 and 1906. However, only four remained in operation in 1906, when the Provincial Government assumed control of the creameries and loans were made available for co-operative creameries on condition that the creamery be incorporated, suitable facilities be erected, the cream of at least 400 cows be guaranteed for at least five months in each of three years and the creamery be located on a site suitable to the government.

The creameries functioned under this arrangement until 1917 when the sixteen operating creameries amalgamated to form the Saskatchewan Co-operative Creameries Limited, under control of the patrons as members. The government agreed to give financial assistance to the new organization when the organization experienced financial difficulties during the depression of the thirties.

Although the Creameries were primarily a butter manufacturing enterprise, they also engaged in the manufacture of ice cream at some points and the distribution of milk and cream in Regina and Saskatoon. They also provided a market outlet for eggs and poultry from 1917 to 1927. At some points, they provided cold storage facilities for farmer members.

By 1926 there were 82 operating creameries in the province. At the same time, a major Company, Caulder's Creameries, had a number of operating units. The Saskatchewan Co-operative Creameries Limited and Caulder's Creameries merged in 1927 due to a sharp decline in cream production. The new organization was called Saskatchewan Co-operative Creameries Limited.

REORGANIZED

The depression of the thirties and the decline in cream production struck the Creameries such a blow that the Government ordered the association into receivership in 1932. Thereafter, until 1939 the Creameries operated with increasing success. In 1939 plans were made and policies were adopted with a view to turning the Creameries over to the patrons. These

plans worked so successfully that in 1946 the Saskatchewan Co-operative Creameries Association Limited became a producer-owned and controlled co-operative.

The association has a workable system of member control. The membership fee is \$3.00. Members participate in the ownership, control and earnings. The province is divided into nine districts which send six delegates each to the annual meeting of the organization. Delegates from each district elect one member to the Board of Directors. The organization functions under this Board of Directors.

In addition to its business operations, the Association provides its members and the public with education in the production, handling and marketing of dairy and poultry products.

THE DAIRY AND POULTRY POOL

(Officially known as the

Dairy and Poultry Co-operative Marketing Association Limited)

Another example of co-operation in the dairy field was the organization of the Saskatchewan Milk Pool in the Saskatoon Milk shed (or area) in 1927. The purpose of the Milk Pool was to stabilize the prices received by milk producers throughout the year and to secure for members the same price for their milk, based on quality and weight.

On April 1, 1927, the Saskatoon Milk Pool was ready for business. One hundred and seventeen farmers had signed firm contracts to deliver all their milk to the Pool. This milk was sold to retail distributors. Any milk received over and above the amount required for distribution as fluid milk was skimmed and the butterfat and skimmed milk sold to the best advantage. The Milk Pool was the one main milk seller in the area.

In 1931, the Milk Pool extended membership to cream shippers and changed its name from Milk Pool to Dairy Pool. The same year the Pool began making cheddar cheese. Later, in 1935, it introduced blue vein cheese.

EXPANSION

The first country expansion took place with the renting of a cheese plant at Leroy in 1934. This plant was purchased outright in 1936. In 1937 the Pool purchased the Hillcrest Creameries at Biggar and Kamsack. The following year the Dairy Pool undertook the management of the Saskatchewan Poultry Pool which had been organized in 1925 on a co-operative basis to improve prices of eggs and poultry. The two organizations were

merged in 1947. Throughout the war years 1939-1945 the Pool continued to acquire plants at various parts throughout the northern parts of the province.

The milk shipping section was expanded in 1946 with the purchase of a dairy in Saskatoon and a dairy in North Battleford. In 1951 another small dairy was purchased in Saskatoon. This made the Pool the sole fluid milk supplier for Saskatoon since the Co-operative Creameries in Saskatoon also secured its fluid milk from the Pool.

In 1951 the Pool opened a poultry killing plant in Saskatoon and in 1952 it entered briefly, into the business of manufacturing margarine. In addition, a dairy was purchased at Wynyard and the Pool began a wide scale distribution of its products to many points throughout Northern Saskatchewan.

For purpose of control, the Pool differs from other major co-operatives in that it has no delegate system. The producer member had his membership in the central organization. Membership is divided into a milk section and a cream and produce section. All members have full rights at the annual meeting. Fifteen directors constitute the board.

As a result of the development of the Saskatchewan Co-operative Creameries Association and the Dairy and Poultry Pool, co-operatives now handle a large percentage of the dairy products of the province, and a very large portion of the poultry products. Their combined sales volume in 1958 was \$30,407,439. Assets were valued at \$8,961,294 and the membership totalled 130,000.

Thus through co-operative action, Saskatchewan farmers have attempted to solve their problems in the Dairy and Poultry field.

OTHER MARKETING CO-OPERATIVES

In 1935 district co-operative marketing associations for the marketing of forage crop seed were established at White Fox and in other areas. In 1939 seed grower co-operatives established the Saskatchewan Forage Crop Growers Marketing Association. The association has its head office in Prince Albert with its plant at White Fox. It functions as a central selling agency for its 17 member seed grower co-operatives in the various districts.

Among the other marketing co-operatives, there is the Honey Marketing Co-operative Association with headquarters at Tisdale, and a Co-operative Hatchery at Moose Jaw.



The Dairy and Poultry Pool head office, Saskatoon.

QUESTIONS ON PART 3

1. How could the elevators use the special car supply privilege to their own advantage? What were loading platforms? Do grain growers still use loading platforms?
2. What were the reasons for the organization of the Grain Growers' Grain Company in 1906? Trace the development of the company until 1916.
3. The Canadian Government fixed the price of wheat in 1916. What effects followed the removal of price controls in 1919?
4. Western Canada experienced a depression beginning in 1921. List some of the results of that depression.
5. Write a brief account of the organization of the Saskatchewan Wheat Pool. How is it controlled?
6. Outline briefly the effects of the Depression on the policies of the Wheat Pool.
7. What is the 'Wheat Board'? How does it function?
8. Name the special divisions of the Wheat Pool, and the functions of each division.
9. Trace briefly the development of the Co-operative Creameries Limited and the Dairy and Poultry Pool.
10. Is there a place for further development of marketing Co-operatives in the economy of Saskatchewan?



Head office of Federated Co-operatives Limited, Saskatoon.

4 Consumer (Purchasing) Co-operatives

CONSUMER (PURCHASING) CO-OPERATIVES

Since marketing conditions play a vital role in the determination of farm income, the marketing of farm products has generally been regarded as the major problem of Saskatchewan farmers. Through the organization and operation of marketing co-operatives, pioneer farmers found that they could secure more satisfactory returns for their products. At the same time, these farmers were aware of the fact that the cost of the things they had to buy was as important in determining their net financial position as was the price of the things they had to sell. In the search for ways and means of lowering farm operating costs and the cost of living, farmers have turned to the use of co-operatives in the purchasing of farm supplies, foodstuffs and other needs in the consumer field.

Early attempts at purchasing, or consumer, co-operation followed the "buying club" pattern. Groups of farmers banded together to order a carload of wood or coal, a volume shipment of apples or of such commodities as barbed wire, bran, sugar and flour. The usual practice was for each individual member of the group to pay down a cash deposit when he placed his order, and to pay the balance when he took delivery of his share of the goods from the car.

This form of bulk buying through pooled purchases enabled the farmers to obtain goods without paying the costs of maintaining retail facilities or warehouses, of carrying over stock inventories, and of paying the usual service charges made by middlemen or retailers.

On the other hand, the failure of prompt delivery of a carload of such commodities as coal could leave the farmer without fuel when needed, or with large amounts of fuel when it was no longer necessary for heating purposes. In some cases, the person handling the money for the group found it difficult to get group members to accept their assignment quotas where late carload delivery or inferior quality caused the group members to no longer desire the goods.

At the same time, local merchants and dealers saw in these "buying clubs" a threat to their own welfare. They saw themselves losing what they regarded as their rightful business. Some of them tried to convince farmers that the disadvantages of

pooled purchases outweighed the advantages. Some acted to cut off the sources of the buying groups' supply by requesting mill owners, mine owners, wholesalers and other suppliers to cease selling to such groups. The opposition of these local merchants and dealers, together with the rather unstable business structure of the bulk buying organizations, limited the development of these organizations and caused farmers to consider setting up their own consumer co-operatives as incorporated and permanent businesses.

SASKATCHEWAN PURCHASING COMPANY 1909

Prior to the year 1913, a consumer co-operative in Saskatchewan could incorporate only under the Companies Act since there was no Co-operative Act on the statute books. Farmers organized a number of trading companies under the Companies Act and carried out a form of semi-co-operative business, for these companies, although they did have certain co-operative features, were controlled essentially on the basis of the number of shares held by each shareholder.

One of the most extensive of these early ventures was the Saskatchewan Purchasing Company Limited initiated in 1909 at Broadview, Saskatchewan and incorporated as a joint stock company in 1910. This company followed the co-operative principles of: one member one vote, patronage refund of earnings, and limited interest on share capital. It established its main store building in Broadview with branches at Red Jacket, Percival, Whitewood, St. Hubert, Grenfell, Qu'Appelle, Moose Jaw, Dubuc, Vibank, Kipling, Wapella, Wawota and Welwyn.

Lack of capital resources, of business experience and of adequate sources of supply forced the company into bankruptcy in November 1913. Thus the largest of the early pioneer consumer co-operatives in the province did not survive.

CO-OPERATIVE ASSOCIATIONS ACT 1913

That same year, 1913, the Government of Saskatchewan appointed a Commission to study Agricultural Credit. This Commission recommended the development of more local co-operative enterprises and the establishment of a co-operative organization branch of the Department of Agriculture. As a result of these recommendations the Agricultural Co-operative Associations Act of 1913 was passed by the legislature, and the Co-operative Organization Branch of the Department of Agri-

culture was established. The Act made provision for the incorporation of farmer-owned and controlled co-operative associations. Later the word "Agricultural" was removed from the Act and persons other than farmers began joining the consumer co-operatives.

Under the terms of the Act, control and ownership of a farm supply and consumer co-operative rests in the membership on the basis of one member one vote. These members meet in annual meeting to review the business operations, to lay down policies, and to elect directors to carry on the business in conformity with the Act and the bylaws, and in accordance with the established policies of the organization. The appointment of an auditor is the exclusive right of the membership. The rate of interest on invested capital is limited and provision is made for setting aside reserves from earnings. Except in a limited number of cases, credit trading was forbidden.

FIRST INCORPORATION

The first local co-operative to be incorporated under the Act was the Juniata Co-operative Association Limited of Juniata, Saskatchewan, in June 1913. This co-operative was organized "for producing, selling livestock, farm produce or supplies on the co-operative plan." The capital stock was to consist of 400 shares of \$25.00 each. The agent at the Juniata co-operative elevator was engaged as manager of the enterprise and temporary storage space was secured through that elevator company.

The business of the co-operative prospered and soon a site was secured on the railway. A warehouse, office and coal shed were erected on the site. However, due to the fact that wholesalers, outside of the United Grain Growers' Trading Department, were unwilling to fill orders for supplies, the Juniata Co-operative soon began to face business difficulties. By December 1917, it was forced to discontinue business and on April 30, 1930, the co-operative was finally dissolved. Thus the first consumer co-operative organized under the Co-operative Act did not survive.

1914 ONWARD

However, the movement to organize consumer co-operatives had begun and numerous co-operatives were organized in 1914. This co-operative development was cut short by the outbreak of the First World War on August 4 of that year. The war

period, 1914-1918, brought an increasing demand for farm products with a steady rise in prices. It also brought prairie-wide concentration on production to meet wartime demands. As a result, interest in consumer co-operatives lagged, and from 1914 to 1927 relatively few co-operative associations were organized. Among those which were organized the emphasis was on live-stock marketing plus the purchase of farm supplies. There was also emphasis on the organization of co-operative community halls in rural and smaller urban districts.

As noted in previous chapters, the economic recession of the 1920's gave impetus to the organization of marketing (producer) co-operatives. However, this period proved a trying one for many consumer co-operatives due mainly to lack of business experience on the part of managers and boards of directors, and to a wide-spread failure to observe carefully the Rochdale method of sales for cash. In the twenty-five years 1914-1938, a total of 1,091 purchasing co-operative associations were incorporated in the province. Of these, 531 had been dissolved by December 31, 1938. The remaining 560 were still registered though not all active. Mismanagement of credit was found to be the leading cause for dissolutions. However, 123 of the dissolved associations were not continuously active in a commercial sense at any time. The total loss of share capital to members was less than one percent of the business transacted by the dissolved associations. The record of failures was rather discouraging to those who favoured consumer co-operatives. On the other hand, many consumer co-operatives had developed into the leading business enterprises in their districts.

SASKATCHEWAN CO-OPERATIVE WHOLESALE SOCIETY LIMITED 1929

Following the enactment of the Agricultural Co-operative Associations Act of 1913, farmers in many areas of Saskatchewan organized co-operatives to meet their needs for goods and services. If the need was for coal and wood, the co-operative undertook the supplying of coal and wood. If the need was for a store service, the co-operative operated a store. If the need was for lumber, the co-operative ordered lumber for its members. If a buying club was already in operation, the members organized a co-operative and set up a regular business. All these early co-operatives gave to their members the services which these members decided should be given. Many co-operatives began by



The fine department store building owned by the members of the Sherwood Co-operative Association Limited in Regina.

handling coal and wood but soon expanded into many lines of goods and services. However, the co-operatives soon learned that they could not establish a sound business until they had a wholesale of their own.

During the period 1914-1928, consumer co-operatives providing a store service encountered almost continuous difficulty in securing supplies. The venture of the Saskatchewan Grain Growers Trading Department into wholesale grocery distribution had not proven successful, and the co-operative stores which had been obtaining supplies from competitive business organizations determined the time had arrived to establish a wholesale organization of their own. In 1925 the first steps toward such organization were taken in Regina. Subsequently a group of these stores united in ordering some supplies, including dry goods and tea, from the Scottish Co-operative Wholesale Society, Scotland. These goods were distributed from Davidson, Saskatchewan, to the co-operatives.

In 1927, after two years of study, a committee reported that a mutual agreement had been reached between the co-operative stores to use the Trading Department of the United Farmers of

Canada as a wholesale in so far as was practical. About the same time, the United Farmers of Canada (Saskatchewan Section), a successor of the Saskatchewan Grain Growers Association, decided to adopt the co-operative method of doing business in carrying on future activities of the trading department.

Plans for a co-operative wholesale submitted to the 1928 meeting of co-operatives were approved and organization was agreed on. A provisional board of directors of nine was appointed to act until incorporation was completed. The new wholesale was to be set up as a federation with local retail co-operatives as its members.

At its first meeting, this provisional board decided that groups of consumers be required to incorporate under the Co-operative Associations Act before they would become entitled to buy from the new wholesale. An amendment to the Act enabling non-agricultural consumers to incorporate under it was obtained from the Saskatchewan Legislature.

On July 30, 1928, the Saskatchewan Wholesale Society Limited was incorporated under the Companies Act. On February 2, 1929, it changed its name to Saskatchewan Co-operative Wholesale Society in an act assented to by the Saskatchewan Legislature. Twenty-nine co-operative associations subscribed for shares in the new wholesale to the amount of \$100 each. Control of the organization was vested in the share-holding members.

The new co-operative wholesale soon developed a substantial business in petroleum products, coal and wood, binder twine and farm supplies. Sales were made to both co-operative stores and to co-operatives handling only bulk goods such as coal and wood. In the first year of operation, business volume reached \$635,473. However, in 1929 the depression struck and sales dropped until in 1933 the sales volume was only \$315,630.

RAPID GROWTH

In 1935 the Saskatchewan Co-operative Wholesale Society commenced the organization of what it termed "affiliated locals." These were co-operatives which received both financial assistance and management direction from the wholesale on an agreed basis. Such "affiliated locals" included both stores and co-operatives handling bulk products. The latter were commonly known as "bulk stations." In addition, the wholesale had as

members those co-operatives which received from it neither financial assistance nor management direction. These were known as "autonomous co-operatives."

From 1935 to 1944 the Saskatchewan Co-operative Wholesale Society Limited widened its services to the ever increasing number of member co-operatives. It purchased a flour mill at Outlook in 1939 and operated that mill until the Saskatchewan Wheat Pool opened its modern flour mill in Saskatoon in 1949. The wholesale then sold its mill at Outlook and began distributing flour from the Pool Mill to the member co-operatives. During the same period the Wholesale not only widened its services in hardware, farm supplies, coal and wood, but also entered the fields of feeds, groceries, lumber, store management, auditing and dry goods.

In 1942, the Wholesale began a service in store supervision and store management assistance that soon was reflected in an increasing number of co-operative stores. These stores were so efficient that the co-operative store movement spread to the large towns and cities. By 1959, every city in Saskatchewan had a large and flourishing co-operative store with membership running into the thousands and yearly sales volume in the millions.

THE CONSUMERS' CO-OPERATIVE REFINERIES

While the Saskatchewan Co-operative Wholesale Society, with headquarters in Saskatoon and a major branch in Regina, was rapidly expanding its business and its services, another major co-operative was making history in the field of petroleum. This organization opened the world's First Co-operative Refinery on May 27, 1935.

The rapid mechanization of farming during the late 1920's, and the 1930's had created among farmers an ever increasing demand for petroleum products. At the same time the decline in price of farm products had forced the farmers to seek means of reducing their farming costs. Local co-operatives began to handle petroleum products on behalf of their members. In some cases, these products were procured through the Saskatchewan Co-operative Wholesale Society Limited. However, the local co-operatives in the Regina plains secured petroleum supplies from the large major oil companies and from three small independent refineries. When in 1934, the major oil companies bought out the



*A coal mine at
Drumheller, Alberta
and a modern lum-
ber mill at Canoe,
B.C., are among
the industries own-
ed by Federated
Co-operatives
Limited.*



independent refineries and narrowed the margins enjoyed by the co-operatives on petroleum products, the matter of establishing a co-operative refinery was carefully considered.

On April 14, 1934, ten co-operatives in the Regina area decided to construct their own refinery and to manufacture their own gasoline and other petroleum products. They proceeded to incorporate Consumers' Refineries Co-operative Association Limited and began a campaign to raise funds for the construction of a cracking plant. A total of \$32,000 was secured and a small refinery skimming plant, capable of processing 500 barrels of crude per day, was erected on a site on the eastern outskirts of Regina. This plant proved an outstanding success and soon became an important factor in price control in the petroleum industry in the province.

In 1936 by act of the Saskatchewan Legislature, the name of the refineries was changed to Consumers' Co-operative Refineries Limited, interest on capital stock was limited to five percent per annum and any net yearly surplus was to be divided on a patronage basis to member co-operatives only. Control of the company rested in the hands of its member co-operatives.

The ten original members of the Refineries were soon joined by other co-operatives and plant extension became imperative. In 1940 a modern cracking plant with a capacity of 1500 barrels of crude per day replaced the 500 barrel skimming plant. In addition storage facilities at the refinery were greatly expanded. Delivery services were established and the distribution system speeded up. A start was made in research and exploration in the petroleum industry, and a vigorous program of education in co-operation was established and maintained.

By 1942, the refinery was processing over 1200 barrels of crude per day, and the sales volume in 1943 reached \$2,276,704. In that year the refinery supplied over 260 member co-operatives with petroleum products. In the same year the Saskatchewan Co-operative Wholesale Society Limited supplied goods and services valued at \$4,445,879 to over 400 member associations. In practically every case members of the Refineries were also members of the Wholesale. Therefore, it became increasingly apparent that amalgamation of the Wholesale and the Refineries would present no major problems and would be in the best interests of the Co-operative Movement.

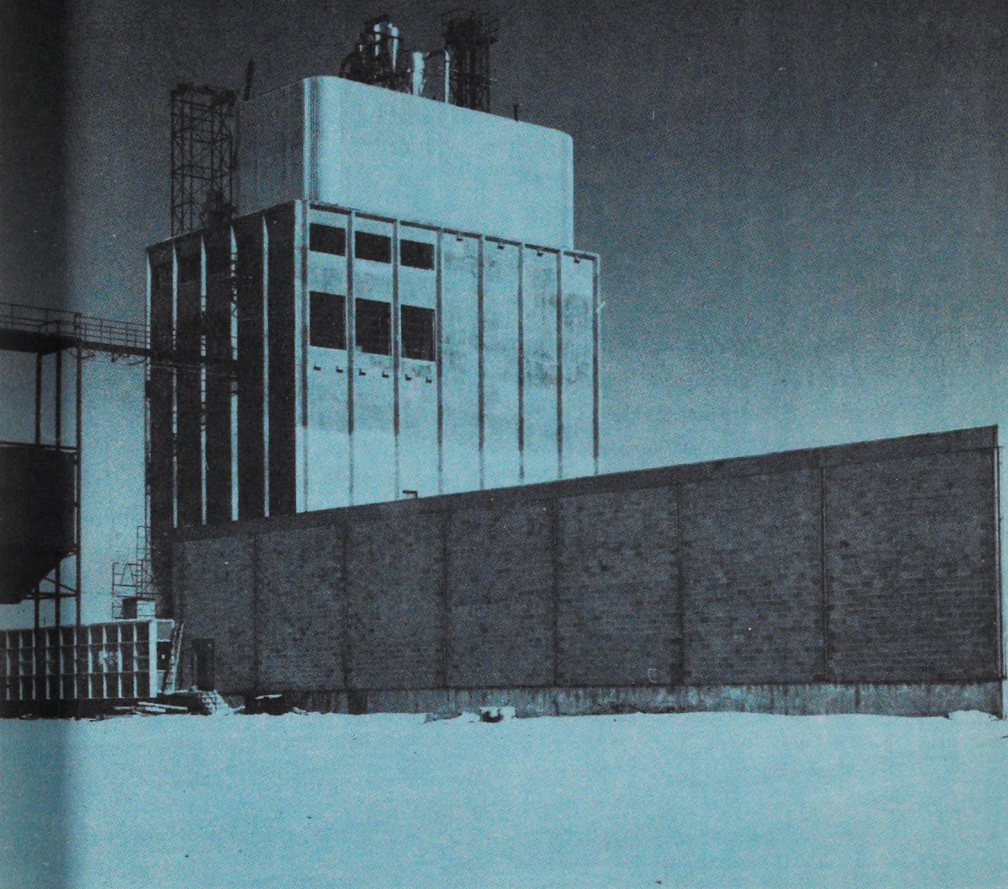
SASKATCHEWAN FEDERATED CO-OPERATIVES LIMITED

Officials of the Saskatchewan Co-operative Wholesale Society Limited and of Consumers' Co-operative Refineries Limited met in May 1944 and agreed on a basis for amalgamation of the two organizations. On June 8 the annual meeting of the Wholesale approved the amalgamation proposal, as did a special general meeting of the Refinery on the same day. On October 31, 1944, the two organizations amalgamated under the name Saskatchewan Federated Co-operatives Limited. Control of the new organization was vested in its member organizations. The head office was to be located in Saskatoon.

The amalgamation appeared to add fresh impetus to the growth of the wholesale. The total assets of the two amalgamating bodies were \$2,826,462 at the 1943 year end. Sales in 1943 totalled \$6,722,583 and savings for 1943 were \$262,076. By 1954 assets had risen to \$2,346,356, sales reached \$31,624,571 and savings were \$966,852. Services and facilities had been greatly increased. The Hy Grade and Empress coal mines at Drumheller had been purchased, a lumber mill and timber limits had been acquired at Canoe, B.C. Feed mill facilities had been expanded and a successful oil exploration program had resulted in the acquisition of oil wells in Alberta and Saskatchewan. Major expansions of the refinery had resulted in a plant capable of processing 1200 barrels per day. In addition a substantial business had been developed with the Manitoba Co-operative Wholesale and with some local co-operatives in Manitoba.



*Annual meeting of
a co-operative.
One member-one
vote.*



The new feed-mill of Federated Co-operatives Limited at Saskatoon. One of the most up-to date on the continent.

FEDERATED CO-OPERATIVES LIMITED

In 1955 Saskatchewan Federated Co-operatives Limited and the Manitoba Co-operative Wholesale amalgamated in Federated Co-operatives Limited. This organization now supplies its member co-operatives throughout Saskatchewan, Manitoba and North Western Ontario, with wide lines of goods and services. Office and warehouse facilities have been expanded. The capacity of the production units at the mine and mill have been increased. The refinery has been enlarged to the extent that it can handle over 1,600 barrels of crude per day. These expanded facilities have been made necessary by the growing business volume. In 1959 the sales volume was \$61,558,000 while net savings were \$4,200,000, and the assets totalled \$29,989,000.

For purposes of services and distribution of goods, branch offices are operated at Saskatoon, Regina and Winnipeg. The head office is in Saskatoon.

Control of Federated Co-operatives Limited is vested in its member organizations. The area served has been divided into 15 electoral districts. Member co-operatives in each district are represented at a Locals' District Meeting in the district where delegates are selected to attend the annual meeting of Federated Co-operatives. These delegates review the business operations and determine the policies of Federated Co-operatives. They also select the members of the Board of Directors on the basis of one Director selected for each district by the delegates from that district.

Federated Co-operatives Limited has taken steps designed to promote the general growth and development of the Co-operative Movement. Since 1939 the Co-op Consumer, a bi-monthly journal of co-operative development and education, has been published and in 1959 enjoyed a wide circulation. Two district representatives are located in each electoral district to assist the locals in the solving of their problems. Training courses for employees of local co-ops have been held, and many pamphlets, books, and films have been prepared or sponsored. Wide support has been given to many other forms of educational and co-operative endeavours.

CANADIAN CO-OPERATIVE IMPLEMENTS LIMITED

Farm machinery has always played an important part in farming on the prairies. Because acreage is usually large and the season for seeding and harvesting rather short, most farmers have attempted to keep up-to-date machinery lines. Therefore, the costs of farm machinery have always been a matter of grave concern to these farmers.

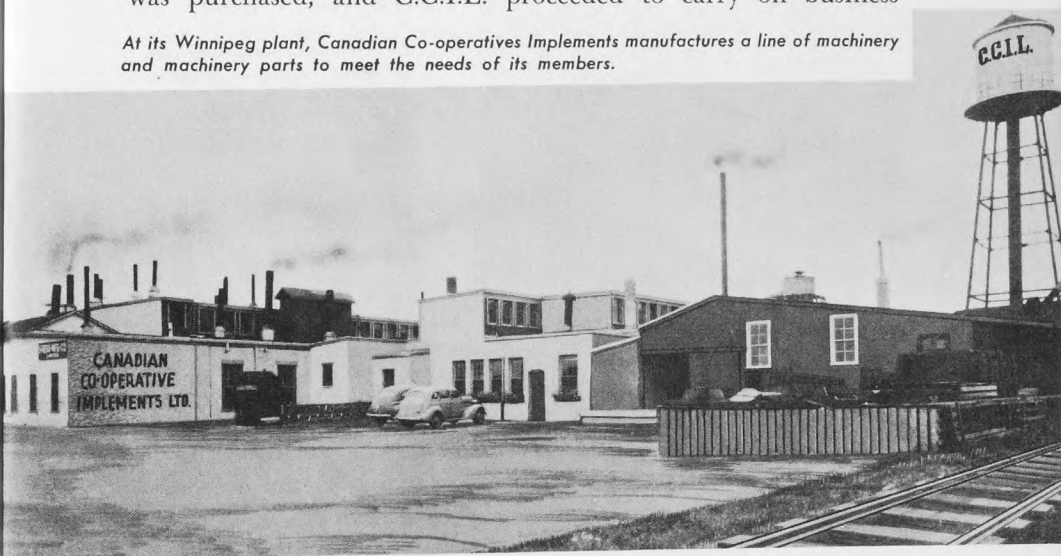
During the 1930's farmers felt that the costs of farm machinery were out of line with the prices farmers received for their products. The governments at Ottawa and at Regina were persuaded to conduct inquiries into farm machinery prices. The most significant recommendation arrived at by these inquiries was that an effective way to reduce and control prices was for farmers to organize and operate a machinery co-operative.

At a meeting held in Regina on July 24, 1940, delegates from the major co-operative organizations in Alberta, Saskatche-

wan and Manitoba, together with representatives of the three provincial governments, decided to seek incorporation of a machinery co-operative under Dominion law. This decision was carried into effect on September 3, 1940, when Canadian Co-operative Implements Limited was incorporated under the Dominion Companies Act.

The new co-operative, commonly known as C.C.I.L. soon built up a large membership in Western Canada. However, due to wartime conditions and machinery shortages, the co-operative did not begin business operations till 1945. An arrangement was made with a well known machinery company to handle its products, a small manufacturing plant at Elmwood, Manitoba, was purchased, and C.C.I.L. proceeded to carry on business

At its Winnipeg plant, Canadian Co-operatives Implements manufactures a line of machinery and machinery parts to meet the needs of its members.



operations. To date those operations have proven successful. Sales and savings have been high, and the co-operative has developed in its own factory a number of farm machines which are especially designed to meet the needs of western farmers.

Membership in C.C.I.L. is on an individual basis. Control is exercised through a delegate system based on a district set-up. Directors are elected by the delegates in annual meeting. In addition to operating supply depots at selected points, C.C.I.L. has arrangements whereby some of its products are supplied through Federated Co-operatives and local co-operative associations.

COMMUNITY SERVICE

In order to provide for themselves a desirable form of social service, the people of Saskatchewan have organized a large number of co-operative (community) halls, co-operative theatres, co-operative rinks and other co-operatives designed to assist in making life richer and more meaningful to the people within the community. These community service co-operatives return no patronage refunds to the members as any surplus earnings are placed to reserves to maintain and develop further the community service.



*A village community hall
built through co-operative
effort.*

THE FUTURE

Members and officials of consumer (purchasing) co-operatives are confident that the years ahead will see continuous growth of co-operative enterprises. They point to the growing support for co-operatives in urban areas and to the increasing favourable recognition that co-operatives have gained among people in the prairie regions of Canada. They point with some pride to the fact that in Saskatchewan in 1958 through its 373 co-operatives engaged in retail business, it had sales exceeding \$70,000,000 and assets totalling almost \$37,000,000, and that there has been a steady growth in both business and membership over the past quarter century. They point to the fact that membership in local consumer co-operatives is generally easy to acquire in that a membership share costs only one dollar and membership is open to all persons over 16 years of age. They also claim that the substantial amounts received by members in patronage refunds have convinced many that co-operatives can assist the people in controlling their own destiny.

QUESTIONS ON PART 4

1. What is meant by a cost-price squeeze? How can purchasing or consumer co-operatives aid farmers in solving a cost-price squeeze?
2. Why did local merchants object to "buying clubs"? What were the chief weaknesses of these clubs?
3. What co-operative principles did the Saskatchewan Purchasing Company Limited follow in 1909? What were the causes of the failure of the company?
4. What was the name of the first co-operative organized under the agricultural Co-operative Associations Act of 1913? When and why was this Co-operative dissolved?
5. What was the leading cause of dissolutions of co-operative associations during the period 1914-1938? What was the total loss of share capital by these dissolved associations?
6. When were the first steps taken by co-operatives to form their own wholesale? What is the present name of that wholesale?
7. Where is the co-operative refinery located? When did that refinery begin operations? What is its present yearly refining capacity?
8. Federated Co-operatives Limited was created as a result of mergers of a number of central co-operatives. What were the names of these co-operatives and when did the mergers take place?
9. If a co-operative had sales amounting to \$280,000 in 1957 and made net savings of \$14,000, what rate of patronage refund can it pay? What will be the patronage refunds due a member who made purchases amounting to \$1170 during the year in his co-op?
10. If a co-operative with yearly sales of \$270,000 had net earnings of \$6,800 and, in addition, made savings through Federated Co-operatives of \$4,000 in the same year, what rate of patronage refund could the Co-operative pay? What would the payment be to a member whose purchases amounted to \$1,367?

NOTICE

For quick and efficient service and to avoid excessive deposits, members are required to complete their own deposit program and attach each slip before presenting them to the dealer.

Complete the proper use of these forms and use the Bulletin Board and further descriptions. If necessary, may be obtained at the information desk.

THIS NOTICE AUTHORIZED BY THE
BOARD OF DIRECTORS

5 Financial Co-operatives

FINANCIAL CO-OPERATIVES

Pioneers of Saskatchewan were generally long on initiative and ability, but short on cash resources. The securing of credit was a 'must' for the great majority of these early farmers since they depended mainly on cash from the crop in the fall to tide them over until the next harvest. Any crop failure left the average farmer in a position where he must have short term credit to carry on his farm operations. In addition, long term credit was necessary for the purchase of land, buildings, heavy machinery and other facilities whose use could be extended over a period of years.

If the farmer felt the need for credit, so did the wage earner in both rural and urban areas. The policy of establishing charge accounts at retail outlets was almost universal and the business failures through inability to collect accounts receivable were very numerous. In fact many retailers advanced prices to all in order to offset the uncollectible charge accounts of some customers, both farmer and wage earner.

To obtain credit from a bank or from other regular lending institutions, it was usually necessary to submit some form of collateral which ensured ability to repay the loan. Where such collateral could not be furnished, the loan was seldom granted or, if it were granted, the interest rate was usually high enough to offset the collection risk.

Early consumer co-operatives endeavoured to follow a cash trading policy in their retail outlets. The difficulty of obtaining credit became most serious in the early thirties when banks and other regular lending institutions were unwilling to make loans. Co-operatives were then forced to consider other ways of securing needed credit for their members. It was finally decided that the answer lay in the organization and operation of credit unions.

CREDIT UNIONS

A credit union is a mutual self-help association operating on behalf of its members in the field of finance. Its purposes are to provide a medium wherein the member may make regular systematic savings and thus build up a pool of funds from which the member may secure loans for provident or productive purposes. Its aim is to provide service at cost in the finance field to members only. This is in contrast to banks which serve the

general public. The Credit Union is both a savings and a loan institution. Credit Unions emphasize thrift through regular systematic savings. Interest rates on loans are kept at a low level. Advice on financial affairs is given to members. Most credit unions provide limited insurance on loans to members in case of death or total disability, as well as limited insurance on share savings in case of death. Over and above all, credit unions retain control of finances in the hands of their many members.

The problem of credit for the masses is by no means new. In Ancient Greece Xenophon (430-355 B.C.) planned a banking society to which all Athenians might subscribe capital and share in the profits. In fifteenth century Italy there were associations known as the "Monts de Piete" for giving personal credit to working people. This personal credit was based on charity and the liberal giving of wealthy people. Later, in order to obtain funds, these societies paid interest on deposits of either a temporary or permanent nature. In the end they became largely loaning institutions and finally disappeared.

Friedrich Wilhelm Raiffeisen (1819-1888) was the founder of the German system of agricultural co-operative banks and of the modern Credit Union Movement. He founded his first agricultural co-operative credit society in Belgium in 1848. Another German, Schulze-Delitzsch organized a co-operative credit society in Germany in 1850 primarily in the interests of small tradesmen. These co-operative credit societies stressed savings by members, loan service at low rates, and education among members. They were so successful that the Credit Union Movement spread rapidly throughout Europe.

In 1864, the Farmers' Bank of Rustico in Prince Edward Island had many co-operative features. However, it was closed as a result of certain Bank regulations.

It remained for a Canadian, Alphonse Desjardins, to establish in 1900 the first Canadian Credit Union on the North American continent at Levis, Quebec. From there the movement spread throughout Canada and the United States. In 1937, the Saskatchewan Legislature passed the Credit Union Act providing for the establishment of credit unions in the province.

Under the Act, membership in a credit union is based on a common bond of association, occupation, habitation, or any other common bond which tends to bind together and define

the membership. Members are chosen mainly on the basis of character. Control of the organization rests in the members on the basis of one member one vote. Members elect a board of directors, a supervisory or auditing committee, a credit committee, and such other committees as may be required. Staff is chosen by the board.

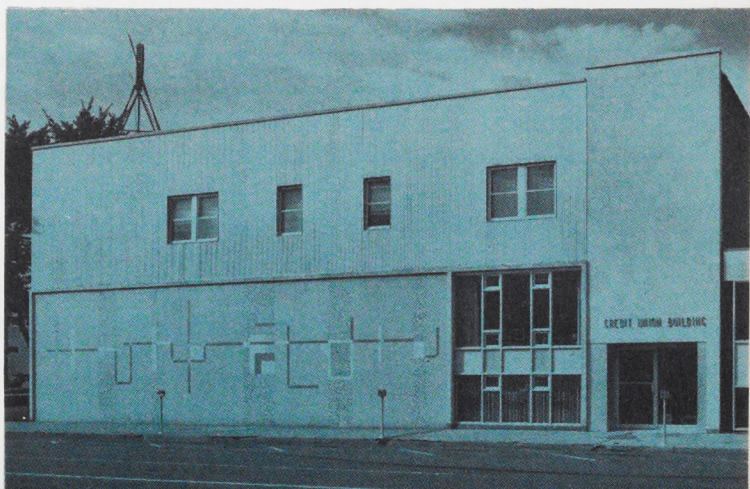
Membership in a credit union is open to persons of all ages. Many children are members of credit unions and utilize their services.

Rates of interest on credit union loans vary somewhat with the type of credit union. The maximum rate is one percent per month on unpaid balances. However, many credit unions operate on interest rates varying all the way from one half of one percent per month to the maximum.

Many credit unions now offer an almost complete financial service to members. This includes a chequing service.

The first urban credit union incorporated in Saskatchewan was the Regina Hebrew Savings and Credit Union which received its charter on August 2, 1937. The second credit union to incorporate was the Pioneer Savings and Credit Union of Moose Jaw on August 12, 1937. The first rural credit union was the Lafleche Community Savings and Credit Union of Lafleche. This credit union was incorporated on March 29, 1938.

Since 1937 the Credit Union Movement in the province has experienced rapid growth. At December 31, 1958, there were 267 credit unions on the register. Annual returns from 267 of these showed a membership totalling 103,289 with total assets of \$56,450,159. This record of growth and operations indicates that credit unions are sound and progressive business institutions.



The Credit Union Building in Saskatoon.

SASKATCHEWAN CO-OPERATIVE CREDIT SOCIETY

In order that savings and credit might fit into the general co-operative pattern in Saskatchewan, consideration was given to establishment of a connecting link between credit unions and other co-operatives. It was recognized by the co-operatives that merchandising and financing were two distinctly separate activities and should not be mixed. However, the Credit Union Movement was primarily a medium for savings and loans for individual members. A link between Credit Union and Co-operatives was made possible by the passage of the Co-operative Credit Society Act in 1941.

Under this act, membership in the Credit Society was open to credit unions, co-operative associations and co-operatives incorporated under the Credit Union Act, the Co-operative Associations Act, the Mutual Hospital and Medical Associations Act, and any other act of the Saskatchewan or Federal government, and whose business is conducted in accordance with co-operative principles. Individuals, however, cannot become members of the Credit Society.

At the same time the Credit Union Act was amended to give power to Credit Unions to join and subscribe for shares in the Saskatchewan Co-operative Credit Society. The Act also was altered to permit a credit union to make loans to credit unions, co-operative associations and co-operative marketing associations which are members of it.

The Credit Society has thus become the central deposit and loaning agency for credit unions and co-operatives in the province. It receives deposits from its member credit unions and co-operatives and makes loans to its members. In addition it furnishes advice on financial matters. Thus the Credit Society is the clearing house between the financial arm and the operational arm of the Co-operative Movement in the province.

By the end of the year 1958, the Credit Society had 618 members including 353 co-operatives and 263 credit unions.

CO-OPERATIVE TRUST COMPANY

While the credit union usually limits its service to members mainly to short term loans, the Credit Society cannot make loans to individuals. To meet the need of co-operatives and individuals for long term loans, the Co-operative Trust Company was incorporated by the Saskatchewan Legislature in 1952. Mem-

bership in the Company is limited to credit unions and co-operatives, but services are also available to individuals who are members of the member organizations. The Trust Company also gives a service in the administration of estates. It acts in a trust capacity for co-operatives and offers a place for long term investment for individuals. At the close of the 1958 year end the Trust Company had assets amounting to \$1,000,000 and a membership of 145.

Under the Family Farm Credit Act passed by the Saskatchewan Legislature in 1959, the Trust Company is authorized to make long term loans to young farmers who are attempting to become established in agriculture. Such loans are guaranteed by the Government of Saskatchewan.

Communities large and small have their local Co-op savings and credit-unions.



EDUCATION

In 1941 the Credit Union Act was amended to provide for incorporation of the Credit Union Federation. This is the educational branch of the Credit Union Movement. Subsequently the Federation changed its name to Credit Union League. Practically all credit unions are members of the League. The League not only provides education and public relations services but also gives service in the bonding and supply fields. It publishes a small paper called the Credit Union Way.

The educational program is designed to inform members and non-members about the aims, objects, structure, control and services available to members through their credit unions and through other co-operative organizations.



Young co-operators.

QUESTIONS ON PART 5

1. What is a credit union? What services can it offer to its members?
2. What advantages might be derived by the pupils in a school through the organization and operation of their own credit union?
3. What is meant by a common bond between the members of a credit union? Why is such a bond necessary when membership is based mainly on character?
4. Why was the Saskatchewan Co-operative Credit Society organized? Who are its members?
5. What are the functions of the Co-operative Trust Company? What is meant by 'administration of estates'?
6. How can a credit union assist a local co-operative in solving its credit problems?
7. A member secured a loan for \$200 from his credit union. He agreed to repay the loan at the rate of \$20 per month plus interest. If the interest be computed on the basis of one-half of one percent per month on the unpaid balance, how much interest will the borrower have to pay in order to retire the loan?

6 Other Co-operatives

67

OTHER CO-OPERATIVES

No survey of co-operatives in Saskatchewan would be complete without some reference to many types of co-operatives which do not fall into the marketing, purchasing and finance classification. A short review of some of these other co-operatives might be in order.

Among other types of co-operatives are agricultural production co-operatives. These include 17 co-operative farms where the co-operative techniques of organization and operation are applied to the various phases of the farm business. There are also 3 machinery co-operatives in which the ownership, control and operation of machinery is on a co-operative basis. There are 100 co-operative pastures, 55 fodder production co-operatives, 12 fur conservation co-operatives, 8 irrigation and drainage co-operatives and four livestock sales co-operatives. There is one lumber co-operative and a number of other co-operatives of various types.

Twenty northern development co-operatives are operating in Saskatchewan. These co-operatives were organized to enable the people in the north, mostly native trappers and fishermen, to own and control more of the factors affecting their livelihood. The organization of fish and fur marketing co-operatives, stores and credit unions, as well as production and processing co-operatives in northern areas, will help people of those areas to acquire training and experience in business, as well as to achieve the social and economic benefits arising from their co-operative enterprises. This would help make it easy for the native peoples to adjust themselves to, and benefit from, methods which characterize the white man's way of life.

A reasonably full report on these co-operatives and others may be found in the annual reports of the Department of Co-operation and Co-operative Development of the Province of Saskatchewan.

Other special types of co-operatives include the Co-operative Union of Saskatchewan, a member of the Co-operative Union of Canada and the central educational body of co-operatives throughout the province. The Co-operative Union operates on behalf of its members mainly in the fields of education, legislation, co-ordination, defence and public relations.

The Co-operative Union also furnishes guidance and pro-

vides services to a number of Co-operative Public Relations Associations which have been formed in the Federated districts to carry out educational and public relations work within the districts.

The Saskatchewan section of the Canadian Conseil de la Co-operation is a member of the Co-operative Union of Saskatchewan and carries out educational and promotional work among French speaking residents of the province.

Western Co-operative College is located in Saskatoon. It is an educational and training institution whose purpose is to provide education and training in co-operative principles and methods and in their application to economic and social needs. It provides services as requested by co-operatives and other kindred organizations. A feature of its program is training courses for officials and employees of co-operatives.

The Saskatchewan Co-operative Women's Guild is an organization of women whose work is designed to promote the development of the Co-operative Movement in the province. It has as members, local guilds in many areas.

Among other Saskatchewan Co-operatives are: The Co-operative Superannuation Society; The Co-operative Hail Insurance Company; The Saskatchewan Municipal Hail Association; The Co-operative Securities Board; and others.

Saskatchewan residents are served by a number of co-operatives which operate under a charter from the Government of Canada. These include; Canadian Co-operative Implements Limited; Interprovincial Co-operatives Limited; Canadian Wool Growers Limited; Co-operative Life Insurance Company; Co-operative Fire and Casualty Company, and United Grain Growers Limited.

Reference might also be made to a number of co-operatives which have served their purposes and were dissolved. Such a co-operative was the Horse Co-operative Marketing Association which was organized in 1944 for the purpose of enabling farmers to dispose of the horses no longer required for farm operations. The co-operative decided to open a horse processing plant in Swift Current and to market its products at home and abroad. A Dominion charter was secured and hundreds of thousands of surplus horses were processed.

When the horse population had been reduced to the point that the processing plant was no longer needed, the members

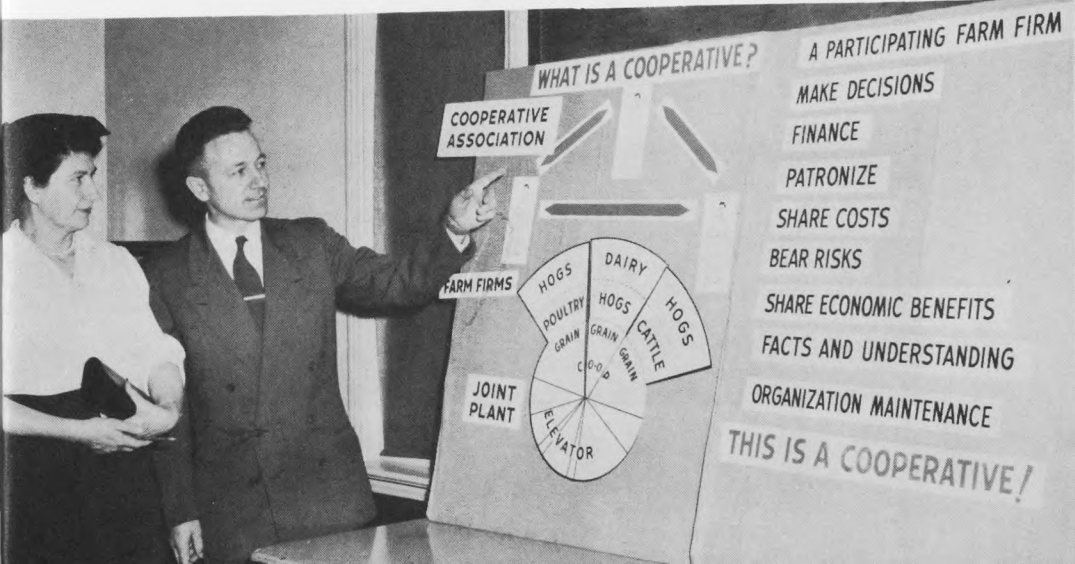


The Co-operative Women's Guild plays an important part in the promotion of the Co-operative Movement.

The Co-op Block, Regina, owned by Saskatchewan Co-operative credit Society, houses the head offices of many Co-operative enterprises.



Western Co-operative College is an unique educational and training institution.



decided to discontinue its operations and the co-operative was later dissolved.

In like manner a number of snowplow co-operatives have been dissolved when road conditions were improved and the snowplows were no longer needed.

Such dissolutions are in keeping with the principle that co-operatives are organized and operated to meet the needs of their members. If those needs disappear, the co-operative is no longer needed.

Finally, note might be taken of the fact that the Saskatchewan Legislature has been consistently favourable to the organization and operation of co-operatives. It has recognized that such factors as geographic location, dependence on outside markets and outside sources of supply, sparsity of population and diversities of people, have created special need for the promotion of mutual self-help endeavours in many areas of activity. Hence encouragement has been given to the establishment of co-operatives.

In 1913 a branch of Co-operation was established in the Department of Agriculture. This was the forerunner of a full fledged Department of Co-operation and Co-operative Development set up in 1944.

Through its encouraging attitude with respect to co-operative legislation and co-operative services, the Saskatchewan Legislature has made it abundantly clear that, in its opinion, co-operative institutions are a valuable and vital force for the progress and well-being of the people of Saskatchewan.



Co-operative community pastures provide the answer to farmers who have only a limited number of stock.



Reindeer Lake Co-op filleting plant in northern Saskatchewan.

QUESTIONS ON PART 6

1. List the advantages which members may derive from the organization and operation of co-operative farms.
2. Why have Saskatchewan farmers organized so many co-operative pastures? What breeds of cattle are most commonly raised on the prairies?
3. How can the northern development co-operatives assist the native peoples in managing their own affairs?
4. What co-operative is exclusively a women's organization? What functions does this co-operative perform?
5. Give examples of co-operatives which have served their purpose and have been dissolved.
6. Give ten good reasons why co-operative development should be encouraged in Saskatchewan.
7. Co-operatives are organized to meet a need. Write a three page essay showing how co-operatives in Saskatchewan have met the needs of their members.

AT HOME AND ABROAD

Co-operative organizations in Canada are by no means limited to Saskatchewan alone. In its twenty-seventh annual report, the Economics Division of the Canada Department of Agriculture covers the crop year ending July 31, 1958. The report shows that the total volume of business done by marketing, purchasing, fishermen's and service co-operative for the year ended July 31, 1958 was \$1,244,558,000. The number of shareholders or members of co-operatives was 1,592,694. During the same year Canada had 4538 credit unions with a total membership of 2,353,671 and assets reaching \$1,019,248,672.

Canadian co-operatives are directly linked to co-operatives in practically every country in the world through the membership of the Co-operative Union of Canada in the International Co-operative Alliance. This direct link with co-operatives in other countries has enabled co-operatives in Saskatchewan to play their part in the promotion of co-operative philosophy and co-operative ideals both at home and abroad.





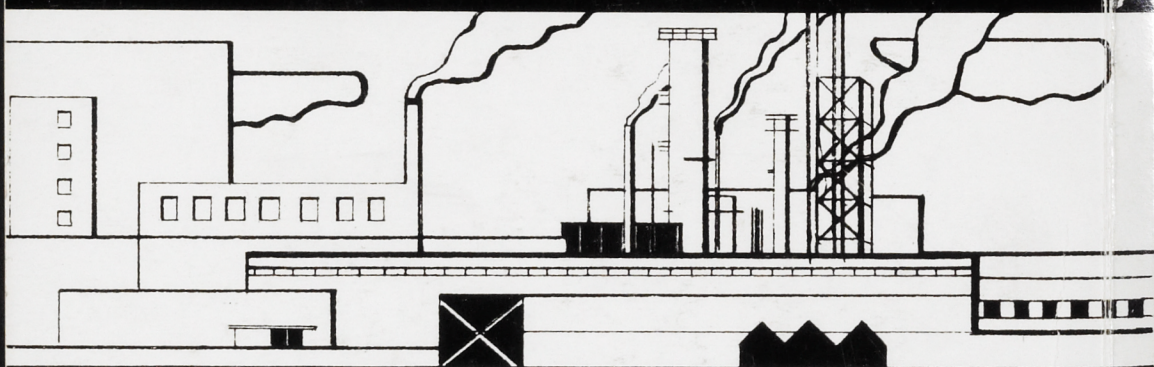
*At home, in the field, at the factory,
in the business office. . . working
together to help one another. . .
this is the true spirit and meaning
of co-operation.*

SELECTED READINGS

The following sources have furnished useful information and background, and are recommended for additional study and reference.

BOOK	AUTHOR	PUBLISHER
Co-operative Democracy	James Peter Warbasse	Harper and Brothers New York
New Breaking	Hugh Boyd	J. M. Dent and Sons Ltd. Toronto
Co-operation	F. Hall and W.P. Watkins	The Co-operative Union Ltd. Holyoake House Manchester 4, England
The Progress of Co-operatives	C. Maurice Wieting	Harper and Brothers New York
The People's Business	Joshua K. Bolles	Harper and Brothers New York
Prairie Progress	Jim C. Wright	Modern Press Saskatoon
A Century of Co-operation	G. D. H. Cole	
Fundamentals of Co-operation	U. S. Alanne	Co-operative Publish- ing Association Superior, Wisconsin
The Poor Man's Prayer	George Boyle	Harper and Brothers New York
Masters of Their Own Destiny	M. M. Coady	Harper and Brothers New York
Up From The Shadows	Michel Becker	Co-op Union of Saskatchewan Regina
Twenty Five Years With The Sask- atchewan Wheat Pool		Sask. Co-op Producers Ltd. Regina
Deep Furrows	Hopkins Moorhouse	Geo. McLeod, Toronto (1918)
Eleventh Annual Report		Department of Co- operation and Co-operative Development Regina
The Encyclopaedia Britannica		Encyclopaedia Britannica Inc. Toronto
The Western Producer		Modern Press Saskatoon
The Co-operative Consumer		Federated Co-oper- atives Ltd. Saskatoon

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